

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

NELSON WILLIS,  
Plaintiff,

v.

ADAM M. ARON; AMC BOARD OF DIRECTORS;  
AMC ENTERTAINMENT HOLDINGS INC.,,

Defendants

**Judicial  
Notice.  
EXHIBIT  
A**

**FIRST AMENDED  
VERIFIED COMPLAINT**

Case No.: 4:23-CV-732-ALM-KPJ

**JURY TRIAL DEMANDED**

Plaintiff Nelson Willis ("Plaintiff Willis"), pro se, in his capacity as AMC Entertainment Holdings, Inc ("AMC") stockholder, and hereby submit this Plaintiff's First Amended Verified Complaint ("VC"), against Adam M. Aron, Citigroup Global Markets Inc., Derek Van Zandt, D.F. King & Co., Inc., Krystal Scudato, Geoffrey Weinberg, B. Riley Financial, Inc., Jon Merriman, Antara, Antara Master Fund, Himanshu Gulati, the New York Stock Exchange ("NYSE"), Kevin Connor, Edwin Gladbach, Michael Stein, John Neuwirth, Strategic Claims Services, Paul Mulholland, and Josephine Bravata (collectively, "Defendants"). Plaintiff's allegations are based upon his knowledge and as to all other matters upon information and belief, a review of public information, news reports, a review of U.S. Securities and Exchange Commission ("SEC") filings by AMC, and a review of the discovery documents and exhibits produced during the two class action lawsuits filed against AMC and

AMC's Board in Delaware Chancery Court on February 20<sup>th</sup>, 2023, consolidated action No. 2023-0215-MTZ, and alleges as follows:

### **PRELIMINARY STATEMENT**

1. Between October 12<sup>th</sup> and October 29<sup>th</sup> of 1929, the Dow Jones Industrial Average ("Dow") crashed over 40 percent.
2. On October 28<sup>th</sup>, 1929, commonly referred to as Black Monday, the Dow experienced a significant decline of nearly 13 percent, initiating a severe financial downturn in the United States.
3. This event marked not just a sudden crash but the end of a period characterized by excessive speculation and inadequate regulatory oversight. This eventually led to a staggering 90% decline in the Dow's value, contributing to what is now commonly known as the "Great Depression".
4. Following the collapse of the stock market, between October 1929 and July 1932, public trust in the U.S. financial markets evaporated. In response, Congress conducted hearings to identify underlying issues and sought remedies. Following a series of hearings, the severity of the abuses contributing to the crash of 1929 came to light. Based on its investigations, Congress enacted the Securities Act of 1933 during the peak of the "Great Depression". Subsequently, in the following year, it passed the Securities Exchange Act of 1934, which gave rise to the formation of the SEC.

### **Securities Act of 1933**

5. The Securities Act of 1933 marked Congress' initial attempt to combat fraudulent activities related to securities and to rebuild trust in public markets. It primarily targeted entities issuing and selling securities, typically companies seeking funds for new projects, investments, or expansions. Such issuers are incentivized to portray their company in an appealing manner to attract potential investors. This act aims to ensure that issuers disclosing securities to the public provide accurate, balanced and essential non-fraudulent information. Its goal is twofold: to prevent fraudulent information or practices influencing securities transactions and to offer investors the necessary information for informed investment decisions. To enforce the efficacy of these disclosure requirements, Congress established an extensive liability for fraud under the Securities Act and applying issuers of securities.



### **Securities Exchange Act of 1934**

6. The Securities Exchange Act of 1934, also known as the “1934 Act” or “Exchange Act”, predominantly governs secondary market security transactions. As such, it oversees transactions occurring between parties that aren’t the original issuer, including retail investor trades executed through brokerage companies.
7. These legislations fundamentally aim at two core principles:
  - Companies offering securities for sale to the public must tell the truth about their business, the securities they are selling, and the risks involved in investing in those securities.
  - Those who sell and trade securities – brokers, dealers, and exchanges – must treat investors fairly and honestly.
8. Under Section 4 of the Exchange Act of 1934, the formation of the SEC was initiated. This “independent” federal agency is responsible for enforcing securities laws and maintaining market integrity. Empowered by the Exchange Act, the SEC has the authority to regulate the entire securities industry. This includes the ability to promulgate rules in accordance with federal securities acts and enforce both federal law and its own regulations. Specifically, the SEC has the power and authority to register, regulate, and discipline broker-dealers, oversee securities exchanges, and scrutinize the actions of self-regulatory organizations (SROs) associated with securities exchanges.
9. The SEC is headed by a five-member Commission. The Commissioners are appointed by the President and confirmed by the Senate. The President designates one of the Commissioners as the Chair.
10. According to the official SEC website, the Commission is entrusted with a threefold mission:
  - Protect investors
  - Maintain fair, orderly, and efficient markets
  - Facilitate capital formation

### **The Demise of the SEC and Regulation SHO<sup>1</sup>**

11. The SEC, historically praised for unbiased regulation, faced criticism in 2008 for neglecting warning signs before the financial crisis and inadequately addressing fraud, such as Bernard Madoff’s over \$50 billion Ponzi scheme, resulting in significant investor losses.

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<sup>1</sup> Source: Article WHY THE SEC FAILED: REGULATORS AGAINST REGULATION by Norman S. Poser. Link <https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=1142&context=bjcfcl>

12. Ironically, parallels exist between the economic landscapes during the SEC's inception in 1934 and the challenges it faced in 2009. In both periods, the nation grappled with heavy economic downfall, as the Great Depression casted a shadow in the 1930s and the 2008 financial crisis led to a worldwide banking crisis costing billions in losses for investors worldwide.
13. The SEC's decline is attributed to multiple factors, encompassing budget constraints and a regulatory system lagging behind financial market developments. Notably, an anti-regulatory sentiment within some SEC members in recent years played a significant role, with a lack of belief in regulation contributing to its downfall.
14. The SEC's failure includes not efficiently creating new regulations in response to misconduct and neglecting to address known loopholes. Minimal fines for institutional investors involved in fraud, lack of transparent disclosure, and failure to demand reimbursement contribute to a pattern where fines don't match the crimes, allowing bad actors to view them as a cost of doing business. The "revolving door" issue, where former SEC employees move to lucrative Wall Street positions, creates a conflict of interest and a twisted incentive system, potentially influencing leniency toward bad actors on Wall Street.
15. One of the most controversial rules of the SEC is "Regulation SHO" and it was adopted to update short sale regulation in light of numerous market developments since short sale regulation was first adopted in 1938 and to address concerns regarding persistent "failures-to-deliver" and potentially abusive "naked" short selling. Compliance with Regulation SHO began on January 3, 2005.<sup>2</sup>
16. Morality or business ethics rarely enters the decision-making process. On July 15<sup>th</sup>, 2008, the SEC issued an emergency rule to limit certain types of short selling, specifically the "naked" short selling of 19 major financial firms. Subsequently, on September 17<sup>th</sup>, 2008, this rule was extended to cover all publicly traded financial firms. On September 18<sup>th</sup>, 2008, the SEC imposed an immediate ban on all types of short selling for the stocks of 797 public financial companies, lasting until October 8<sup>th</sup>, 2008. The SEC's Chairman, Christopher Cox, cited the ban as an effort to combat market manipulation threatening investors and capital markets. This short selling prohibition quickly extended to overseas markets, including the United Kingdom, Australia, Taiwan, and the Netherlands.
17. A short sale is the sale of a stock that the seller does not own but is obligated by the rules to buy back at a later date. This practice is commonly employed by investors who anticipate a decline in the stock's price or want to hedge against potential market volatility.

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<sup>2</sup> Key Points About Regulation SHO. SEC.gov. Link: <https://www.sec.gov/investor/pubs/regsho.htm>



18. In a short sale, short sellers borrow stock from a brokerage (and pay interest while the shares are outstanding), sell those borrowed shares at a time they believe the company's market price is high, purchase shares back when they believe the stock price is low, and return those newly purchased shares to the brokerage. If their prediction is right, they make a profit. If their prediction is wrong and the stock price rises, they incur a loss.
19. The buyer of the stock never knows if his buy order was the result from a short sale or a borrowed stock. It's true that many brokerage clients are often unaware that their stocks may be lent out for short sales, essentially betting against the shareholders' interest in a rising portfolio. This lack of knowledge about the use of their securities highlights the challenges associated with transparency in the stock lending process.
20. According to basic economic theory the practice of short selling serves various purposes, including capitalizing on expected downward price movements, providing liquidity in response to unforeseen buyer demand, or mitigating the risk of a long position in the same security or a related one. While most short sales are legal and contribute to market dynamics, "abusive short sale practices" are strictly prohibited by the SEC.<sup>3</sup>
21. One such illegal practice involves engaging in a series of transactions to create artificial trading activity or manipulate a security's price to influence others' buying or selling decisions.
22. "Naked" short selling is an example of an abusive short sale practice. It occurs when the short seller does not borrow or arrange to borrow the securities in time for delivery within the standard settlement period, resulting in a "failure to deliver". Therefore, the supply side of the stock was manipulated by the "naked" short selling practice as new stock is created in the system without the knowledge, authorization, or allowance of the issuer and its stockholders.
23. According to the official SEC position on "naked" short selling, the SEC remains that it is not necessarily a violation of federal securities laws or the SEC's rules. The practice of "naked" short selling can contribute to market liquidity under specific circumstances. Market makers frequently resort to "naked" short selling to meet customer demand and sustain an active market for a security, especially when there is a lack of other buyers or sellers.
24. The practice of market makers engaging in "naked" short selling to create liquidity does present an inherent conflict of interest and systemic risk. When market makers sell stock into the market for liquidity, they become short, and to exit this position, they must acquire shares ideally at a lower price than their initial sale. The challenge arises when investors hold strong, and market makers face difficulty procuring shares for covering their short positions.

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<sup>3</sup> Key Points About Regulation SHO. SEC.gov. Link: <https://www.sec.gov/investor/pubs/regsho.htm>



25. A pertinent question arises in relation to the SEC's stated missions:

**Given today's technological capabilities, why doesn't the SEC, as the overseeing authority of Wall Street, employ a dynamic ledger accounting system, to track the number of shares in circulation relative to the outstanding float for the 6,000+ publicly traded companies on both the NYSE and Nasdaq?**

26. With the SEC lacking the aforementioned accounting system, bad actors on Wall St. have abused Federal Securities Law with impunity. Implementing said accounting system, would not only allow for greater transparency but also put an end to any systemic risk to the US financial markets. This transparency would in turn allow the SEC to realize their mandate of protecting all investors, not just institutional investors.

27. A transparent accounting system would also protect companies - including biotech companies working on cures to cancer - from abusive short selling by predatory hedge funds on Wall Street. Until the SEC eliminates the rampant, well-documented illegal naked short-selling of counterfeit shares, retail investors will continue to be unjustly fleeced and small cap companies will continue to be driven out of business via bust-out schemes (which will destroy jobs and the middle class that once filled those positions). If the SEC and justice system continues to allow rampant naked short selling and market manipulation in the stock market, the public will lose trust in the system and refuse to participate - which will negatively affect all investors in the long term.

**AMC Trades Over 1.2 Billion Shares on January 27<sup>th</sup>, 2021**

28. On July 22<sup>nd</sup>, 2022 at 7 pm Central Standard Time ("CST"), AMC Chief Executive Officer Adam M. Aron ("Defendant Aron") held a meet-and-greet event at AMC River East 21 in Chicago, Illinois for a special screening of the movie "NOPE". Before the movie started, Aron addressed the AMC stockholders that were sitting in the crowd. Seven minutes into his monologue, Aron discussed the events of January 27<sup>th</sup>, 2021. He states in part:

"On the Wednesday January 27<sup>th</sup> of last year, our stock went from five dollars a share to twenty dollars a share in one day. And we traded, on the New York Stock Exchange... uh more shares than I know how to count .... uh at the time we had 100 million shares outstanding - total share count. And 50 million of them were in the pocket of one large institutional holder who was not trading the stock. So we really only have 50 million shares that traded.

On that one day that day that our stock quadrupled, that one day, we traded 1 billion 250 million shares in a day. We only have 50 million shares that traded at all, **and they turned over like 25 times**. That's like every 15 minutes the whole shareholder base of the company is a new shareholder base of the company.”<sup>4</sup>

29. During Aron's July 22<sup>nd</sup>, 2022 monologue in Chicago, he fails to provide any evidence or substantiation for his claim that AMC's float “turned over like 25 times” as compared to an alternative possibility, such as the introduction of synthetic shares multiple times the float. The reason why Aron doesn't provide any evidence to support his claim is because he can't.
30. In fact, Aron's monologue carries no credibility since on January 27<sup>th</sup>, 2021, AMC had over 340 million shares outstanding, not the 100 million shares Aron misrepresented.
31. Either way, many retail investors were not actively selling their shares that day, as brokerage firms restrict day trading for retail investors unless they have a margin account. Instead, a significant portion of retail investors subscribed to the meme stock phenomenon of "HODLing" (hold on for dear life), reflecting a collective commitment to holding onto their AMC shares rather than engaging in frequent trading.
32. On the day in question, AMC traded 1.25 billion shares. Using Aron's representation (though incorrect, will serve as a mathematical example), given the “float of 50 million” shares and a trading volume of 1.25 billion shares, one can calculate how many times the float was effectively traded over. This is done by dividing the total trading volume by the float

$$\text{Turnover Ratio} = \frac{\text{Total Trading Volume}}{\text{FLOAT}}$$

33. Mathematically, if the turnover ratio for AMC's stock on January 27<sup>th</sup>, 2021 was indeed 25, it would mean that the available float of 50 million shares was effectively traded over 25 times in that single trading session. This implies that, on average, every share available for public trading changed hands 25 times throughout the day, indicating an exceptionally high level of trading activity. However, it's important to note that such a high turnover ratio would be impossible for retail investors to achieve, as they typically operate under a T+2 settlement

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<sup>4</sup> Aron in Chicago. YouTube Video of Aron's July 22<sup>nd</sup>, 2023 Meet and Greet in Chicago. Video posted on July 23<sup>rd</sup>, 2022. See the 7:36 mark in the video for this quote. Link: <https://www.youtube.com/watch?v=BHOfbZUh5Y>



period, meaning funds need to be settled back into their accounts within two days after the trade execution.

34. The scenario of an exceptionally high trading volume, like January 27<sup>th</sup>, 2021, raises questions about market manipulation, and the absence of a dynamic, transparent ledger that regulators could use to track trading activity in real-time makes it challenging to detect abusive practices like naked short selling.
35. It's statistically improbable for a single stock's float to trade even a few times over, much less 25 times, in a single day within a free market system without the presence of synthetic shares, naked shorts, or abusive short-selling behavior. Even if Aron's initial analysis was flawed due to the higher outstanding shares, leading to a turnover rate of 3.5 times the float in a single day, it still remains highly improbable without the existence of widespread synthetic shares. Naked short selling artificially increases the supply of the stock, driving down its price. Coordination among short sellers to time large volumes of short sales can create downward pressure, leading to a snowball effect where the falling price triggers additional selling.
36. Based on the evidence, something nefarious occurred on January 27<sup>th</sup>, 2021, given the unusual trading activity and its impact on the stock's price and market dynamics.
37. On January 27<sup>th</sup>, 2021, AMC was halted 6 times.

Halt Date	Halt Time	Symbol	Exchange	Reason	Resume Date	Resume Time
2021-01-27	09:41:30	AMC	NYSE	LULD	2021-01-27	09:47:26
2021-01-27	09:50:17	AMC	NYSE	LULD	2021-01-27	09:55:22
2021-01-27	09:57:10	AMC	NYSE	LULD	2021-01-27	10:02:15
2021-01-27	10:03:23	AMC	NYSE	LULD	2021-01-27	10:08:25
2021-01-27	11:47:38	AMC	NYSE	LULD	2021-01-27	11:52:44
2021-01-27	12:00:00	AMC	NYSE	LULD	2021-01-27	12:05:04

38. On January 28<sup>th</sup>, 2021, the following trading day, AMC opened at \$11.98, gapping down \$7.92 from the previous close of \$19.90, experiencing a volatile trading day with an intraday high of \$16.50, and an intraday low of \$6.51. The stock closed at \$8.63, accompanied by a significant daily trading volume at 591,223,900 shares.

Date	Open	High	Low	Close	Volume
Jan. 28, 2021	11.98	16.50	6.51	8.63	591,223,900
Jan. 27, 2021	20.34	20.36	11.01	19.90	1,222,342,500



39. On January 28<sup>th</sup>, 2021, AMC was halted 13 times.

Halt Date	Halt Time	Symbol	Exchange	Reason	Resume Date	Resume Time
2021-01-28	09:31:35	AMC	NYSE	LULD	2021-01-28	09:36:40
2021-01-28	09:39:50	AMC	NYSE	LULD	2021-01-28	09:44:50
2021-01-28	10:04:52	AMC	NYSE	LULD	2021-01-28	10:09:52
2021-01-28	10:25:29	AMC	NYSE	LULD	2021-01-28	10:30:32
2021-01-28	10:31:22	AMC	NYSE	LULD	2021-01-28	10:36:22
2021-01-28	10:39:24	AMC	NYSE	LULD	2021-01-28	10:44:24
2021-01-28	10:44:55	AMC	NYSE	LULD	2021-01-28	10:49:56
2021-01-28	11:06:30	AMC	NYSE	LULD	2021-01-28	11:11:30
2021-01-28	11:11:58	AMC	NYSE	LULD	2021-01-28	11:16:58
2021-01-28	11:17:25	AMC	NYSE	LULD	2021-01-28	11:22:25
2021-01-28	11:23:31	AMC	NYSE	LULD	2021-01-28	11:29:04
2021-01-28	11:32:44	AMC	NYSE	LULD	2021-01-28	11:37:55
2021-01-28	14:45:37	AMC	NYSE	LULD	2021-01-28	14:50:37

40. On February 20<sup>th</sup>, 2023, at 4:09 pm Eastern Standard Time (“EST”), Allegheny County Employees’ Retirement System (“ACER”) filed its class action complaint in the Chancery Court in the state of Delaware, asserting claims for breach of fiduciary duty and violation of 8 Del. C. § 242(b)(2) (“Section 242”), declaratory, injunctive and equitable relief against AMC, Aron, current and former Board members Howard Koch, Kathleen Pawlus, Anthony Saich, Philip Lader, Gary Locke and Adam Sussman.

41. Also on February 20<sup>th</sup>, 2023, at 4:47 pm EST, retail investors Usbaldo Munoz (“Munoz”) and Anthony Franchi (“Franchi”) filed their class action complaint in the Chancery Court, asserting a claim for breach of fiduciary duty and seeking to enjoin the AMC Preferred Equity Units (“APE”) from voting at the Special Meeting against Aron, current and former Board members Denise Clark, Howard Koch, Philip Lader, Gary Locke, Kathleen Pawlus, Keri Putnam, Anthony Siach, Adam Sussman and Lee Wittlinger.

42. The two class action complaints were oddly enough filed on the same day and just 38 minutes apart.

43. On March 2<sup>nd</sup>, 2023, both actions were consolidated and assigned the following case number 2023-0215-MTZ.

44. Franchi, Munoz and ACER sought expedited treatment of their requests for injunctive relief, which was scheduled to be heard on February 23<sup>rd</sup>, 2023.

45. The two class action lawsuits arose because AMC's Board was using its fiduciary powers to circumvent the current AMC stockholders' voting rights by giving APE investors effective control of any vote, to force through charter amendments to radically increase the number of shares of AMC Class A common stock available for issuance.
46. As the consolidated class action lawsuit progressed through the Delaware Chancery Court, several AMC stockholders were actively involved as objectors to the proposed settlement. These AMC stockholders filed several motions, one for example to procure discovery documents to support their objections. In mid-May 2023, Judge Morgan Zurn ("Judge Zurn") granted their discovery motions and issued an order releasing the discovery record.
47. As a result of the discovery record being released to AMC stockholders, Plaintiff \*\*\* now knows:
- After AMC traded 1.25 billion shares on January 27<sup>th</sup>, 2021, later that evening, at 8:00 pm EST, the AMC Board convened a special meeting via Zoom. During this meeting, Aron proposed scheduling a special stockholders meeting to amend AMC's certificate of incorporation, authorizing an additional 500 million shares. The proposal is notable for its significant magnitude, especially in light of the outstanding float at that time, which was a little over 400 million shares, with 63 million shares still available for issuance. During the special meeting, no documentation was provided to demonstrate that any financial analysis was performed to explain the rationale behind the recommendation to authorize an additional 500 million shares.
  - In November 2021, AMC and its investment banker, Derek Van Zandt ("Derek Van Zandt") at Citigroup Global Markets Inc., memorialized a scheme known as Project Popcorn.
  - January 27<sup>th</sup>, 2021, is significant as it marks the genesis of Project Popcorn.
  - Comprehensive documentation exists detailing all the elements of the scheme Project Popcorn, which led to AMC's market capitalization declining from \$23.7 billion in November 2021 to \$780 million in February 2024.
  - AMC insiders were aware of the impact on AMC's stock price if they proceeded with Project Popcorn.
  - Citigroup was a market maker in AMC during 2021.
  - Citigroup and its affiliates held a "significant financial interest" in AMC during 2021.
  - When Derek Van Zandt drafted the Project Popcorn PowerPoint presentation in November 2021 for the AMC Board, AMC had over \$1.6 billion in the



bank. Despite the substantial cash reserves at the time, no explanation was given for why AMC intended to offer new shares on the market and why they switched from a rights offering to an at-the-market ("ATM") offering.

- The Weinberg May 17<sup>th</sup>, 2022 email reveals plans to convert APE back into AMC even before APE was distributed to stockholders.
- Why Aron consistently refused to entertain offers from AMC stockholders seeking non-dilutive options to eradicate the debt.
- Why Aron consistently refused to conduct a share count of AMC stock that were out in circulation, as opposed to outstanding.
- AMC was not facing imminent bankruptcy, as there was no economic proof or "going concern" from AMC's accountant, Ernst and Young, and AMC's Board of Directors.

48. The evidence shows that all actions taken by Aron, the AMC Board, and Citigroup Global Markets Inc. surrounding AMC were not done with the purpose of exposing the naked shorts on AMC and protecting shareholder value, but with the purpose of concealing the real number of AMC shares in circulation in order to protect those shorting and naked shorting AMC stock. The scheme Project Popcorn aimed to transfer shares, and consequently ownership, from individual retail investors to institutional ones, many of whom were implicated in the "naked" short selling of AMC stock.

49. Aron and the AMC Board have never disclosed their regulatory engagements that occurred with the SEC, FINRA, and the Self-Regulatory Organizations (SROs) after the January 27-28, 2021 squeeze and subsequent stock movement dates. This introduces an additional layer of complexity to the problem as this lack of transparency led many shareholders to speculate whether the SEC mandated AMC's actions to safeguard hedge funds and market makers.

50. Online shareholder discussions have raised questions about the credibility of the lead plaintiff, ACER, noting the coincidence of Aron's Pennsylvania origin. Speculation exists that ACER might have been a 'friendly plaintiff' to the AMC Defendants, potentially orchestrated to facilitate AMC shareholders bearing the loss. The Plaintiffs never deposed CEO Aron. The discovery documents also provided by AMC conspicuously lacked the attachments referenced in the emails, and ACER did not request these attachments even after shareholders prompted them to do so, raising suspicions. Furthermore, the apparent absence of thorough investigation, scrutiny of evidence, and a notable lack of outrage by the Court and AMC over the limited notification to only a small group of shareholders (regarding the opportunity to object) are also concerning. This hypothesis gains traction considering the premature settlement of the lawsuit for a minimal amount. Similar observations are noted in the Antara case in New York, who settled for \$3 million dollars, when Antara made well over \$1 billion in profits.<sup>5</sup>

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<sup>5</sup> Where is the source for Antara making 1 billion in profits?



51. If market makers and hedge funds engaged in “naked” short selling and had to acquire AMC shares (ideally at a lowest price possible) during the time of the AMC run up between January 2021, and June 2021, then further transparency and data are needed in order to answer the question of what really happened and how naked short were the market makers and hedge funds at that time? Simply put, can any CEO on Wall Street unequivocally state how many shares are out in circulation in their stock at any particular time? The answer is simple - No.

## **PARTIES**

### **A. Plaintiffs**

52. **Plaintiff** (“**Plaintiff**”), at all times relevant to this action, was a resident of

### **B. Defendants**

53. Defendant Aron has served as Chief Executive Officer, President, and a director of AMC since January 2016. Defendant Aron resides in Kansas and service can be effectuated at AMC’s corporate office at 11500 Ash Street Leawood, KS 66211.
54. **Citigroup Global Markets Inc.** is a subsidiary of Citigroup Inc. ("Citigroup"), a diversified financial services holding company, which provides various financial products and services for consumers, corporations, governments, and institutions. Citigroup operates through two segments, Global Consumer Banking (GCB) and Institutional Clients Group (ICG). The GCB segment offers traditional banking services to retail customers through retail banking, commercial banking, Citi-branded cards, and Citi retail services. The ICG segment provides wholesale banking products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, corporate lending, investment banking and advisory services, private banking, cash management, trade finance, and securities services to corporate, institutional, public sector, and high-net-worth clients. The company operates in North America, Latin America, Asia, Europe, the Middle East, and Africa. Citibank. was founded in 1812 and is based in New York. Citicorp and Travelers merged in 1998 to form Citigroup. Citigroup Global Markets Inc. is a subsidiary of the ICG segment and operates as a broker-dealer and provides a wide array of financial services to corporations, governments, institutions, and individuals worldwide. Its services include but are not limited to, securities brokerage, foreign exchange, wealth management, market making, investment banking, trading and principal investments, fixed income and equity sales and trading, and structured and derivative products. This unit of Citigroup is also involved in underwriting and distributing new issues of government and

corporate bonds, money market securities, and public and private equity securities. Citigroup has had over 576 Regulatory Events, and 639 arbitration events for unethical, illegal matters and practices dating back decades<sup>6</sup>. In order to give a more practical perspective of the violations permitted by Citigroup, as per publicly available information, Citigroup has incurred penalties totaling \$26,945,611,792 across 181 distinct records since 2000. It is crucial to note that the majority of these violations pertain to “financial offenses” such as “toxic securities abuse”. When evaluating Citigroup's adherence to legal and ethical standards within the financial sector, the sheer magnitude of the violations committed over the last 23 years speaks for itself. This equates to an alarming frequency of a new violation occurring approximately every one and a half months throughout its operational history<sup>7</sup>. Citigroup is incorporated in Delaware. Citigroup Global Markets is incorporated in New York.

55. **Derek Van Zandt** is a Managing Director (“MD”) at Equity Capital Markets, Citibanking, Capital Markets & Advisory Citigroup, and has been employed by Citigroup since January 2000. At all times relevant, Derek Van Zandt was AMC’s investment banker. He has been AMC’s lead banker with Citi for over 7 years. Derek Van Zandt leads the Media Investment Banking team for the North American Region at Citigroup, one of the world's leading financial institutions. He is providing strategic and financial advice to clients in various media sub-sectors, such as cable, DTC / OTT, entertainment, video games, broadcasting, publishing, and theaters. He has successfully advised or led many M&A and capital raising transactions, involving some of the most prominent and innovative media and communications companies, such as Disney, Comcast, AMC, Tegna, Cox, Cogeco, Tribune, CJ CGV, IMAX, NCML, Charter, DISH, Gannett and Fubo TV. He has helped clients navigate complex and dynamic market conditions, such as digital transformation, consolidation, and secular disruption.<sup>8</sup> The involvement of VanZandt in orchestrating “Project Popcorn” and the subsequent introduction to Antara Capital highlights the complexity and risk-laden nature of the scheme under scrutiny. This initiative, characterized by its multifaceted approach to financial operations involving AMC shares, underscores the strategic and deliberate efforts to engage with financial entities capable of participating in or facilitating the intricate aspects of the alleged scheme.

The allegation that VanZandt not only conceived but also actively sought out and eventually secured participation from Antara Capital suggests a high level of coordination and negotiation to align the interests and capabilities of all parties involved. The mention that the scheme was pitched to other actors indicates a broad attempt to establish a network of participants, each potentially contributing to the execution of Project Popcorn. This concerted effort to enlist Antara Capital, alongside other unnamed entities, into a scheme fraught with significant risk

<sup>6</sup> Citigroup Global Markets Summary. Broker Check By FINRA. Link:

<https://brokercheck.finra.org/finn/summary/7059>. Date Accessed: December 16th, 2023.

<sup>7</sup> <https://violationtracker.goodjobsfirst.org/?parent=citigroup&page=1>; Date Accessed: December 28th, 2023

<sup>8</sup> Source: <https://www.linkedin.com/in/derek-van-zandt-b5bb3a49/>



points to an organized attempt to manipulate or exploit financial mechanisms for specific outcomes related to AMC shares. The active recruitment of financial partners to participate in a complex and risky scheme could raise questions about the potential for misleading conduct, misrepresentation of material facts, or the omission of critical information relevant to the participants and the broader market. The characterization of Project Popcorn as requiring "time and effort" to bring Antara Capital on board, along with the efforts to engage other actors, suggests a premeditated strategy rather than an incidental or spontaneous financial venture. This strategic planning and recruitment effort, especially if it involved undisclosed risks or misrepresented the nature of the investment to Antara Capital and other potential participants, could potentially be scrutinized under securities law for compliance with disclosure requirements and the prohibition against fraudulent activities. In light of these allegations, a thorough investigation into the nature of Project Popcorn, the roles and responsibilities of VanZandt, Antara Capital, and any other involved parties, and the communications and representations made to secure their participation would be crucial.

\*\*\*\*\* Discuss he memorialized project popcorn - introduced Antara - aided and abetted rigging the vote, asked why are we going back to the market and what narrative will we tell investors

56. **Cristian Gonzalez** is a MD at Citigroup, "Head of Private Structured Solutions" (relevant!) at Citi Equity Capital Markets, and has been employed by Citigroup since January 2000.<sup>9</sup> According to public available information Mr. Gonzalez was promoted by Citi's investment bank to a "Managing Director" as of January 1<sup>st</sup>, 2021. "A promotion to Managing Director is a career-defining accomplishment," said Paco Ybarra, CEO of the Institutional Clients Group (ICG) in the accompanying memo.<sup>10</sup> Mr. Gonzalez possessed substantial information as MD throughout all relevant periods regarding the financial engineering activities of AMC Entertainment Holdings, Inc., and the consequential impacts on shareholders. These internal documents are pivotal in establishing his intimate knowledge of the situation.

57. **D.F. King & Co., Inc.** provides investor communication services. The Company offers mutual fund and corporate proxy solicitation, shareholder expense management programs, and financial communication services. D.F. King & Company conducts business worldwide.

58. **Krystal Scrudato** is a senior vice president at D.F. King & Co. Inc.

59. **Geoffrey Weinberg** was a senior managing director at D.F. King & Co. Inc.

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<sup>9</sup> Source: <https://www.linkedin.com/in/cristian-gonzalez-a9999115/>

<sup>10</sup> Source: <https://www.efinancialcareers.com/news/2020/12/citi-managing-directors-2020>



60. **B. Riley Financial**, Inc., through its subsidiaries, provides financial services to corporate, institutional, and high net worth clients in North America, Australia, and Europe. The company operates through six segments: Capital Markets, Wealth Management, Financial Consulting, Auction and Liquidation, Communications, and Consumer. B. Riley Financial is the financial advisor to AMC and employer of Jon Merriman.
61. **Jon Merriman** serves as Chief Business Officer for B. Riley Financial, the holding company for RILY's diverse operations, as well as Senior Managing Director, Investment Banking, with B. Riley Securities, the firm's investment banking arm. In these dual roles Merriman works closely with public and private corporations across multiple industry groups, private equity investors, law firms and IR firms to leverage the firm's resources to create solutions and drive revenue to the firm. On May 27<sup>th</sup>, 2022, Jon Merriman sent Sean Goodman, Chief Financial Officer at AMC and John Merriwether, Investor Relations at AMC, a number of prospectuses from issuers on Nasdaq, ticker symbols AVGR, AGRX and OPGN, that implemented super voting preferred shares to force through certificate amendments.
62. **Antara Capital** ("**Antara**") is an event-driven hedge fund founded in 2018 by Himanshu Gulati, a veteran of the financial industry with over 20 years of experience. The firm is headquartered in New York City and invests in event-driven opportunities across the capital structure, such as distressed debt, special situation equities, and catalyst credit. Antara Capital seeks to deliver equity-like returns with credit-like downside protection. Antara Capital is incorporated in Delaware.
63. **Antara Master Fund** is the direct beneficial owner of all of the AMC securities –i.e., all of the APE shares and the AMC stock and derivatives –that were purchased and sold in the transactions giving rise to Section 16(b) liability as further described herein.
64. **Himanshu Gulati** is a natural person with offices or who can be found at 55 Hudson Yards, 47th Floor/Suite C, New York, New York 10001 and is the sole member of Antara Fund GP and Antara GP.
65. **New York Stock Exchange** ("**NYSE**") is the world's largest stock exchange, offering icons and entrepreneurs the opportunity to raise capital and change the world. NYSE Regulation ("**NYSER**") is responsible for monitoring activities on the NYSE's equities, options, and bonds markets – i.e., the New York Stock Exchange LLC (equities and bonds), NYSE Arca, Inc. (equities and options), NYSE American LLC (equities and options), NYSE National, Inc. (equities), and NYSE Chicago, Inc. (equities) (collectively, the "**NYSE Exchanges**") – and for addressing non-compliance with the NYSE Exchanges' rules and federal securities laws. NYSER enforces both the NYSE Exchanges' and their members' compliance with NYSE Exchange rules and applicable federal securities requirements. It also monitors and enforces

listed companies' compliance with applicable listing standards of the NYSE Exchanges. By performing these duties, NYSER supports the NYSE Exchanges' efforts to promote just and equitable principles of trade, encourage free and open markets, and protect investors and the public interest. Many of these regulatory functions are performed directly by NYSER; others are performed by FINRA or other self-regulatory organizations pursuant to a regulatory services agreement, national market system plans, or other arrangements. The New York Stock Exchange (NYSE), founded in 1792, lists around 2,400 stocks, including AMC (Ticker: AMC) and previously listed AMC Preferred Equity Units (Ticker: APE). The NYSE is owned by Intercontinental Exchange (Ticker: ICE) which was founded in 2000. New York Stock Exchange (NYSE) is incorporated in Delaware.

66. **Kevin Connor** has served as Senior Vice President, General Counsel and Secretary of AMC since June 2007
67. **Edwin Gladbach** has served as Vice President and is one of three in house attorneys for AMC, and has worked for AMC since February 2009. His extensive legal expertise encompasses Mergers & Acquisitions (M&A), Code of Conduct, Financing, Risk Analysis, Securities Regulation, Securities Regulatory Compliance, Corporate Governance, Corporate Finance, Business Transactions, Legal Compliance, and Legal Affairs. A document, executed on the 4th day of November, 2013, appoints a Limited Power of Attorney vested by Keith P. Wiedenkiller in Edwin F. Gladbach and Kevin M. Connor, serving as the Assistant Secretary of AMC Entertainment Holdings, Inc., giving them the role and authority of the true and lawful attorney-in-fact for AMC.<sup>11</sup> The scope of this power extends to the preparation, signing, and filing of Forms ID, 3, 4, and 5, including any subsequent amendments, which may be necessitated by AMC Entertainment Holdings, Inc.
68. **Michael Stein** is a partner in Weil's Capital Markets practice. Mr. Stein has experience working with Citi, Goldman Sachs, Morgan Stanley, J.P. Morgan, and Wells Fargo. Weil's website lists Mr. Stein's AMC experience as such: "AMC Entertainment Holdings, Inc. in several (i) at-the-market and private offerings raising over \$1.5 billion in aggregate equity proceeds, (ii) first and second lien note issuances raising over \$4.1 billion in aggregate proceeds and (iii) various other liability management transactions."<sup>12</sup> Mr. Stein was also involved in discussions with the NYSE in advising AMC how to get APE listed on the NYSE.
69. **John Neuwirth** of Weil, Gotshal & Manges is a member of AMC's outside counsel and represented AMC as counsel during case 2023-0215-MTZ.

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<sup>11</sup> Source: <https://www.sec.gov/Archives/edgar/data/1411579/000114036113046626/poal.htm>

<sup>12</sup> <https://www.weil.com/people/michael-stein>



70. Lead Counsel team list them

71. **Strategic Claims Services** is a Pennsylvania company that has operations in Media, Pennsylvania. Strategic Claims Services provides support in managing, planning, implementing and administering class action litigations and was founded by Paul Mulholland in 1999. Since its inception, Strategic Claims Services has administered hundreds of cases involving notification, claims processing and distribution. Strategic Claims Services develops a custom solution for each and every client to ensure the highest quality service at a competitive price. Strategic Claims Services is devoted to offering paramount quality control throughout all dimensions of the claims administration process. Service on Defendant SCS can be effectuated at 600 North Jackson Street – Suite 205 Media, PA 19063.

72. **Paul Mulholland (“Mr. Mulholland”)** is the founder and President of Strategic Claims Services. He is the key liaison with counsel on administrative cases. Mr. Mulholland has over thirty years of experience in all areas of notice and claims administration. On June 7<sup>th</sup>, 2023, Mr. Mulholland executed an affidavit on behalf of Strategic Claims Services concerning mailing of postcard notice with respect to a class action lawsuit in the Delaware Chancery Court, case number 2023-0215-MTZ before Judge Zurn. Service on Defendant Mulholland can be effectuated at 600 North Jackson Street – Suite 205 Media, PA 19063.

73. **Josephine Bravata (“Ms. Bravata”)** is the Project & Quality Assurance Manager at Strategic Claims Services. Ms. Bravata is involved with all areas of claims administration. She supervises the claims processing, database management, notification, bank reconciliations, check distributions and preparation of reports. On June 22<sup>nd</sup>, 2023, Ms. Bravata executed an affidavit on behalf of Strategic Claims Services concerning mailing of postcard notice with respect to a pending class action lawsuit in the Delaware Chancery Court, case number 2023-0215-MTZ before Judge Zurn. Service on Defendant Bravata can be effectuated at 600 North Jackson Street – Suite 205 Media, PA 19063.

74. Defendants Citigroup Global Markets Inc, Derek Van Zandt, Cristian Gonzalez, D.F. King & Co., Inc., Krystal Scrudato, Geoffrey Weinberg , B. Riley Financial, Jon Merriman, Antara, Himanshu Gulati, Kevin Connor, Edwin Gladbach, and Michael Stein will be collectively referred to as the “Project Popcorn Defendants”.

#### **JURISDICTION AND VENUE**

75. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331 as a federal question

76. Venue is proper in this district pursuant to 28 U.S.C. § 1391 because operates, resides and has its principal place of business in this district, and a substantial part of the events or omissions giving rise to the claims occurred in this district.

**JURY TRIAL DEMANDED**

77. Plaintiff \*\*\* demands a trial by jury on each and every one of his claims as pleaded herein.

**STATEMENT OF FACTS**

78. On December 15<sup>th</sup>, 2015, AMC announced that AMC's Board of Directors named Aron as Chief Executive Officer and President, as well as a member of the AMC Board of Directors, effective January 4<sup>th</sup>, 2016. Aron replaced Craig Ramsey, who served as Interim CEO since August 2015, following the resignation of Gerry Lopez on August 5<sup>th</sup>, 2015.

79. From 2006-2015, Aron served as a Senior Operating Partner of Apollo Management L.P ("Apollo"). Apollo was previously part of an investor group that owned the then privately-held AMC.

80. Prior to 2016, AMC had been performing well and even announced record-setting results during 2015. AMC primarily attributed these results to the success of two strategic growth initiatives—reseating a large number of its theaters with reclining chairs, and introducing an expanded selection of food and beverage menu offerings in its theaters.

81. As part of an expansion project, on March 3<sup>rd</sup>, 2016, AMC and Carmike Cinemas, Inc. ("Carmike") announced that they had entered into a definitive merger agreement. Pursuant to the merger agreement, AMC agreed to acquire all of the outstanding shares of Carmike for \$30.00 per share in cash, or approximately \$757 million. In connection with the merger agreement, AMC agreed to enter into a debt financing commitment letter, which provided for loans to fund the acquisition.



82. Unlike AMC's theaters, which had been substantially upgraded over the years and were primarily located in wealthier metropolitan areas, Carmike primarily serviced smaller, more rural communities. Notably, AMC had engaged in substantial pre-transaction due diligence regarding the Carmike acquisition, and on December 20<sup>th</sup>, 2016, during a conference call, Aron informed investors that AMC had "plenty of time to look at ... Carmike" and analyze Carmike's operations.
83. After AMC announced its intention to acquire Carmike, AMC informed investors that it anticipated realizing \$35 million in annual operating synergies from the acquisition. These synergies were expected to come from reduced film exhibition, concession, overhead, general and administrative expenses, and other costs. Additionally, AMC planned to reseat a limited number of Carmike movie screens with reclining chairs in markets where it was financially prudent. Specifically, AMC communicated its intention to reseat only 15% of Carmike's movie screens over a five-year period at an expected cost of \$50 million to \$60 million. For the remaining screens, AMC aimed to retain "Carmike's lower cost structure at theaters with lower visitation."
84. The Carmike acquisition was completed on December 21<sup>st</sup>, 2016, for \$858.2 million, comprising \$584.3 million in cash and \$273.9 million in common stock. In connection with the Carmike acquisition, AMC also assumed \$230 million in debt.
85. As of the acquisition date, Carmike operated 271 theaters and 2,923 screens located in 41 states across the United States. AMC's SEC filings describe Carmike as one of the nation's largest motion picture exhibitors and a U.S. leader in digital cinema, 3-D cinema deployments and alternative programming.
86. To obtain the necessary regulatory approval to acquire Carmike, AMC entered into a settlement agreement with the U.S. Department of Justice pursuant to which it agreed, among other things, to divest 17 AMC theaters in markets where AMC's business overlapped that of Carmike.

87. In addition to the Carmike acquisition, on November 30<sup>th</sup>, 2016, AMC completed the acquisition of the outstanding equity of Odeon and UCI Cinemas Holdings Limited (“Odeon”) for \$637 million, comprising \$480.3 million in cash and \$156.7 million in common stock. In connection with the acquisition, AMC also paid Odeon’s indebtedness totaling \$593.2 million.
88. As of the acquisition date, Odeon operated 242 theaters with 2,243 screens in four major markets: United Kingdom, Spain, Italy and Germany; and three smaller markets: Austria, Portugal and Ireland.
89. On January 23<sup>rd</sup>, 2017, AMC announced it had agreed to acquire Stockholm-based Nordic Cinema Group Holding AB (“Nordic”), the largest theater exhibitor in seven countries in Scandinavia and the Nordic and Baltic regions, from a European private equity firm and a Swedish media group in an all-cash transaction valued at \$929 million.
90. These acquisitions were primarily financed with new debt, as AMC was inter alia committed to “refinance Nordic’s indebtedness at the closing of the Share Purchase” and had “fully committed debt financing in place ... to fund the proposed Acquisition” according to their annual report for fiscal year of 2016. These purchases caused AMC’s indebtedness to increase from \$3.402 billion as of September 30<sup>th</sup>, 2016, to \$6.6 billion by December 31<sup>st</sup>, 2016 (an increase of 94%).
91. To deleverage the massive debt financing related to the Carmike acquisition and the European expansion, AMC undertook a secondary public offering (“SPO”). On December 21<sup>st</sup>, 2016, AMC filed with the SEC a Form S-3 registration statement, which incorporated a prospectus and prospectus supplements that were later filed with the SEC (collectively referred to herein as the “Registration Statement”). In the SPO, AMC offered to sell to the public 21,904,761 common shares at a price of \$31.50 per share. Ultimately, on February 8<sup>th</sup>, 2017, pursuant to the Registration Statement, AMC offered approximately 22 million shares of AMC common stock, raising approximately \$618 million.
92. AMC incurred various forms of debt to finance the above-noted acquisitions. In particular, in connection with the Carmike acquisition, AMC entered into a \$350 million bridge loan



agreement with affiliates of Citigroup, Merrill Lynch, Barclays, Credit Suisse and HSBC Securities (USA) Inc., each of whom were underwriters in the SPO. Under the terms of the agreement with these lenders, more than \$30 million of the proceeds received by AMC in the SPO was to be used to repay the above-noted bridge loan.

**AMC's Financials Prior to Covid-19**

93. The following table reflects AMC's financial situation prior to COVID-19.

<b>AMC ENTER- TAINMENT INC</b>	<b>Net earnings</b>	<b>Total revenues</b>	<b>Cash and cash equivalents</b>	<b>Corporate borrowings</b>
<b>2022</b>	\$-973.600.000	\$3.911.400.000	\$631.500.000	\$5.140.800.000
<b>2021</b>	\$-1.269.800.000	\$2.527.900.000	\$1.592.500.000	\$5.428.000.000
<b>2020</b>	\$-4.589.400.000	\$1.242.400.000	\$308.300.000	\$5.715.800.000
<b>2019</b>	\$-149.100.000	\$5.471.000.000	\$265.000.000	\$4.753.400.000
<b>2018</b>	\$110.100.000	\$5.460.800.000	\$313.300.000	\$4.723.000.000
<b>2017</b>	\$-487.200.000	\$5.079.200.000	\$310.000.000	\$4.235.300.000
<b>2016</b>	\$111.667.000	\$3.235.900.000	\$207.100.000	\$3.761.000.000
<b>2015</b>	\$103.856.000	\$2.946.900.000	\$211.250.000	\$1.934.561.000
<b>Total Performance</b>	<b>\$-7.247.333.000</b>	<b>\$26.928.600.000</b>		

94. Corporate debt for AMC increased significantly, starting at \$1.93 billion in 2016 and surging to \$4.75 billion in 2019, representing a remarkable 146% increase. In 2020, during the COVID-19 pandemic, the debt further spiked by an additional \$962.4 million, marking an almost 20% increase.

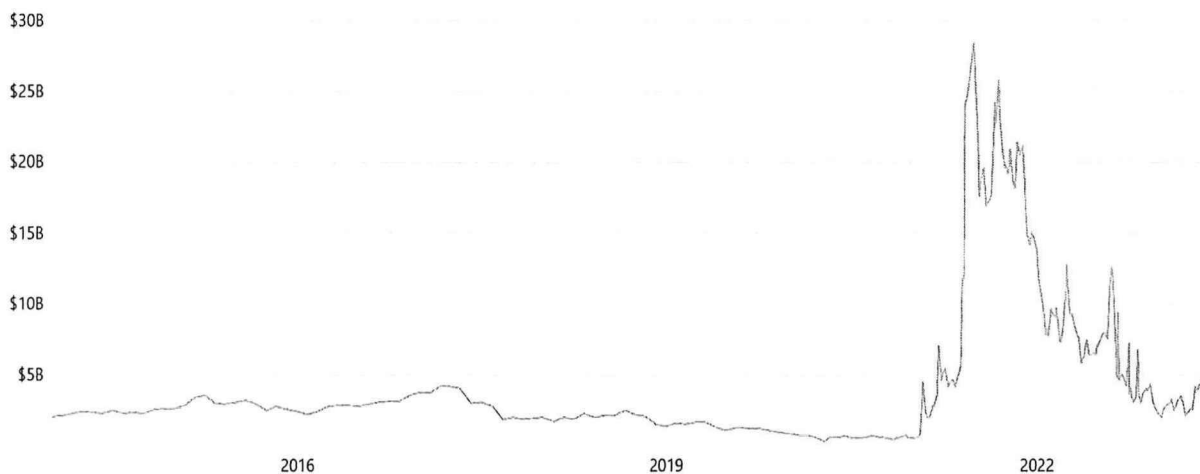
95. To fully comprehend how the AMC Board dealt with the financial difficulties and the dilution of shareholder value, it is essential to consider AMC's market capitalization. Market capitalization, as defined, represents the total dollar market value of a company's outstanding shares of stock. It is a crucial metric for assessing a company's size and value. When new shares are issued into the market, the same market valuation is distributed across a greater number of shares, impacting existing shareholders' ownership percentage. Therefore, a focus solely on share prices is misleading, as it provides little insight into the true value the market attributes to the company and may lead to false conclusions.

96. Analyzing AMC's market capitalization from 2016 to 2020 reveals a troubling trend of gradual depletion. By the end of 2019, it had plummeted to a low point of \$0.75 billion. The decline

continued into 2020, with a further drop of 39.07%, resulting in market capitalization reaching nearly \$0.45 billion by the year's end, marking its all-time lows.

97. The impact of the "Meme Stock Frenzy" is evident in the significant fluctuations observed in AMC's market capitalization as shown by the chart below.

Market cap history of AMC Entertainment from 2013 to 2023



*Figure 1: Market cap history of AMC Entertainment from 2013 to 2023*

98. The AMC Board contended that aggressive dilutive actions were necessary for AMC to survive the challenges faced by the movie business during and after the pandemic. While it is true to a certain point, that issuing more shares is an effective means of raising capital for businesses, **it was and is not the sole option available for the company**. Aron himself acknowledged this fact in a Fox News interview where he publicly stated:

**“there are various ways to pay down debt**, and one of them is to drive revenues and to drive earnings”.<sup>13</sup>

99. However, it's essential to contextualize these assertions by examining the dilutive actions, or the absence thereof, prior to the onset of the "Meme Stock Frenzy" in early 2021 to assess the validity of these claims. A chart illustrating the history of outstanding shares of AMC since 2018 underscores that while the company's market capitalization steadily decreased and its

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<sup>13</sup> Fox News Interview with Adam Aron Sep 08, 2021: Minute 4:40, Source: <https://www.youtube.com/watch?v=fRiC048nYeI>

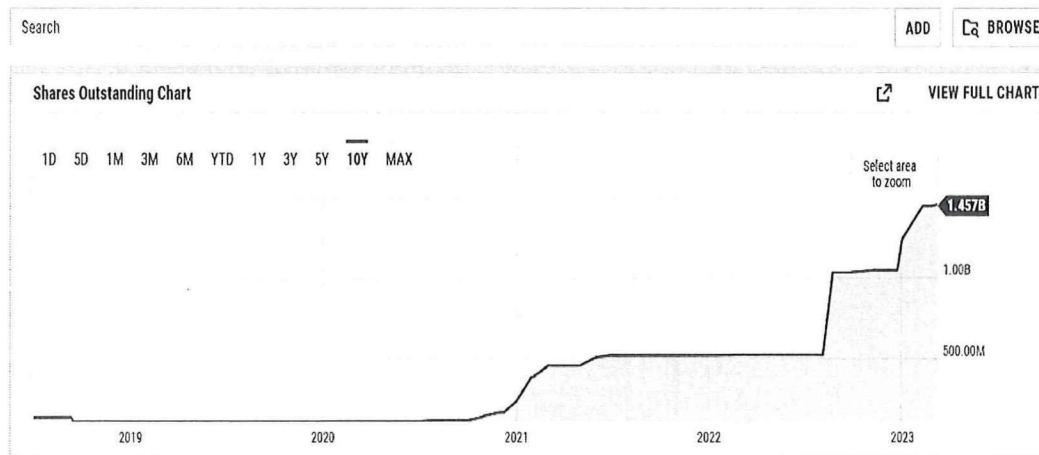


debt burden rose, the number of outstanding shares remained relatively stable at a very low level compared to figures observed in 2023, as demonstrated by the following analysis.

100. The following chart shows the history of the outstanding shares of AMC from 2018 until March 8, 2023.<sup>14</sup>

**AMC Entertainment Holdings Shares Outstanding: 1.457B for March 8, 2023**

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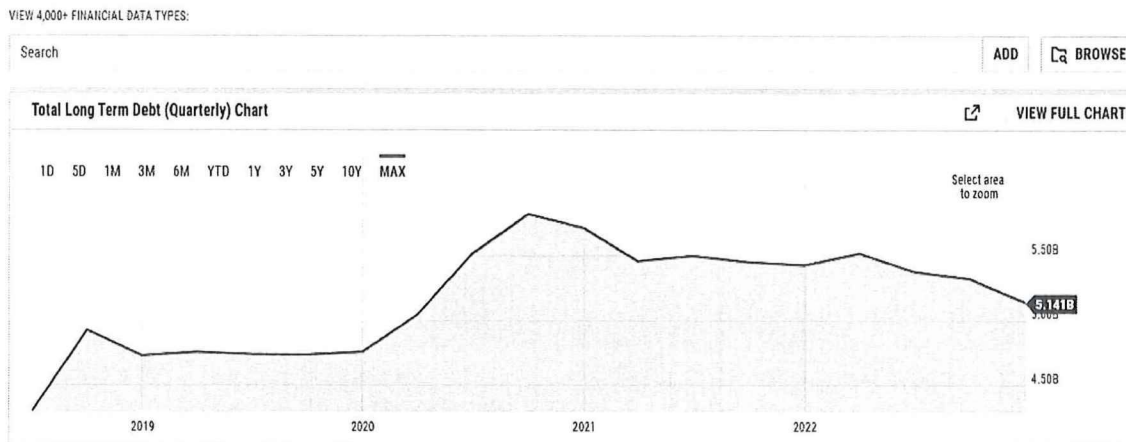
*Figure 2: Chart AMC Entertainment Shares Outstanding from 2018 to 2023 (since Aug 22, 2022 AMC & APE combined)*

101. While AMC's market capitalization was on a downward trajectory and its debt burden was increasing<sup>15</sup>, the number of outstanding shares remained notably stable at very low levels before 2021, especially when compared to figures from 2022 and 2023. During this period, the AMC Board did not propose a reverse split as a strategy to bolster the share price, nor did they undertake aggressive stock dilution while the stock was trading at historic lows in order to stabilize the share price.

<sup>14</sup> The total amount of shares in the chart are all subclasses combined. Source: [AMC Entertainment Holdings Shares Outstanding \(ycharts.com\)](https://ycharts.com/companies/AMC/shares_outstanding)

<sup>15</sup> Long Term Debt December 31<sup>st</sup>, 2016: \$3.827 Billion; Long Term Debt December 31<sup>st</sup>, 2019: \$4.753Billion Source: [https://ycharts.com/companies/AMC/total\\_long\\_term\\_debt](https://ycharts.com/companies/AMC/total_long_term_debt)

**AMC Entertainment Holdings Total Long Term Debt (Quarterly):** 5.141B for Dec. 31, 2022



*Figure 3: Chart AMC Entertainment Long Term Debt (Quarterly) from 2018 to 2023*

102. The evidence presented indicates that even prior to the onset of the COVID-19 pandemic, AMC was navigating a financially precarious path. Despite achieving remarkable domestic box office revenues of \$5.5 billion in 2019, the company found itself in a non-profitable position, reporting a loss of -\$149,100,000.00 USD, and its market capitalization had reached record lows.

103. Despite AMC accruing increasing debt prior to the pandemic and its subsequent impacts, the AMC management team continued to distribute cash dividends to shareholders. This practice strained the company's financial resources and, to some extent, benefited the management team personally. This is because the management's personal financial interests were linked to stock grants through the Executives Incentive Program (EIP)<sup>16</sup>, which incentivized them to prioritize cash dividends<sup>17</sup>.

<sup>16</sup> Interview Adam Aron with Trey's Trades on YouTube on April 14<sup>th</sup>, 2021: Minute 6:15 – 8:20 Adam Aron: "... there are more than 100 executives at AMC in the U.S. and Europe who are granted stock each year..." Source: <https://www.youtube.com/watch?v=XjqCaNKsSbc&t=4209s>

<sup>17</sup> Page 128: "AMC's Board of Directors approved awards of stock, RSUs, and PSUs to certain of the Company's employees and directors under the 2013 Equity Incentive Plan. During years 2019, 2020, and 2021, the grant date fair value of these awards was based on the closing price of AMC's stock on the date of grant, which ranged from \$1.73 to \$15.13 per share."

Source: <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001411579/000155837022002577/amc-20211231x10k.htm>

Page 145 "Vested RSUs, PSUs, and SPSUs have dividend rights identical to the Company's Common Stock and are treated as outstanding shares for purposes of computing basic and diluted earnings per share. For the year ended December 31, 2021, December 31, 2020, and December 31, 2019, unvested RSUs of 2,247,625, 1,131,333, and 1,377,992, respectively, were not included in the computation of diluted earnings (loss) per share because they would be anti-dilutive." Source: <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001411579/000155837022002577/amc-20211231x10k.htm>



104. The charts demonstrate that the AMC Board only began diluting shareholders and raising cash in late 2020, albeit at a slow pace. AMC's Board has astronomically diluted their stockholders by the end of 2020 by 115% (+120.09M)<sup>18</sup>, from December 31st, 2020 to January 22nd, 2021 by additional 51% (+114.74M)<sup>19</sup>, from January 22nd, 2021 to March 11th, 2021 by another 33% (+111.09M)<sup>20</sup> and from March 11th, 2021 to June 30th, 2021 by further 14% (+63.17M)<sup>21</sup>. The rate of dilution increased significantly at the onset of the "Meme Stock Frenzy" when retail shareholders entered the scene en masse.
105. With the influx of retail investors triggering a surge in AMC's stock price, it prompted a surprising shift in focus by the AMC Board.
106. Suddenly, the AMC leadership shifted the narrative to stockholders, emphasizing the critical need to rescue AMC from bankruptcy and prevent further financial setbacks. This was proposed through a lifeline of aggressive dilution on shareholder value.
107. This shift in priorities raises questions about the intentions of the AMC Board and their willingness to exploit the enthusiasm and investment of retail investors. Their actions were primarily driven by the opportunity to capitalize on a volatile stock price, rather than a genuine concern for the company's well-being. Therefore, it is crucial to highlight the casualties of these events and the actions of the AMC Board, emphasizing their initial lack of urgency followed by a shift in focus after the entry of retail investors. This disparity indicates a strategic exploitation of retail investors for the Board's own gain, rather than a genuine alignment with the goals and interests of the stockholders.

### **Meme Stock Phenomenon**

108. In August of 2020, Keith Gill (known as the YouTube persona, "Roaring Kitty") posted a viral video, explaining why GameStop Corp. ("GME") shares could soar from \$5 to \$50 per

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<sup>18</sup> Source: [https://ycharts.com/companies/AMC/shares\\_outstanding](https://ycharts.com/companies/AMC/shares_outstanding)

Shares outstanding, February 21, 2020: 104.24M; December 31, 2020: 224.33M;  $(224.33M / 104.24M) - 1 = 1.15$

<sup>19</sup> Shares outstanding, January 22, 2021: 339.07M;  $(339.07M / 224.33M) - 1 = 0.51$

<sup>20</sup> Shares outstanding, March 11, 2021: 450.16M;  $(450.16M / 339.07M) - 1 = 0.33$

<sup>21</sup> Shares outstanding, June 30, 2021: 513.33M;  $(513.33M / 450.16M) - 1 = 0.14$

share due to a massive short squeeze.<sup>22</sup> He highlighted that GME's stock had one of the highest short interests in the market, predominantly with short positions held by hedge funds. He reasoned that these funds would be compelled to cover their short positions in the face of a substantial short squeeze, which could drive the stock to much higher levels. This analysis played a crucial role in fueling the subsequent events surrounding GME's stock.<sup>23</sup>

109. During the month of August of 2020, GME's daily trading range varied between a high of \$5.60 and a low of \$4.00.

110. With the onset of the COVID-19 pandemic in early 2020, GME had approximately one-third of U.S. stores locations closed, with two-thirds of stores closed to customers but available for curbside pick-up. GME's comparable store sales for the nine-week period ending April 4<sup>th</sup>, 2020, declined approximately 23% on a year-over-year basis, which included the impact of the majority of stores closed in most operating countries throughout the fiscal month of March.

111. According to FactSet, approximately 140% of GME's public float had been sold short.<sup>24</sup>

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<sup>22</sup> The Big Short SQUEEZE from \$5 to \$50? Could GameStop stock (GME) explode higher?? Value investing! Youtube Video by Roaring Kitty. Aug 21, 2020. Link: [https://www.youtube.com/watch?v=alntJzg0Um4&list=PLlsPosngRnZ1OLfGPDLLC3a8k\\_rrwFNk6](https://www.youtube.com/watch?v=alntJzg0Um4&list=PLlsPosngRnZ1OLfGPDLLC3a8k_rrwFNk6). Secondary Link: Hayes, Adam. "What Are Meme Stocks, and Are They Real Investments?". Investopedia. Updated August 31, 2023. Link: <https://www.investopedia.com/meme-stock-5206762#:~:text=A%20meme%20stock%20refers%20to,du%20to%20heightened%20social%20sentiment>

<sup>23</sup> Hayes, Adam. "What Are Meme Stocks, and Are They Real Investments?". Investopedia. Updated August 31, 2023. Link: <https://www.investopedia.com/meme-stock-5206762#:~:text=A%20meme%20stock%20refers%20to,du%20to%20heightened%20social%20sentiment>

<sup>24</sup> Fitzgerald, Maggie. "Bed Bath & Beyond, AMC rally with GameStop as little investors squeeze hedge funds in more stocks". Mon, Jan 25<sup>th</sup> 2021. CNBC Link: <https://www.cnbc.com/2021/01/25/bed-bath-beyond-amc-rally-wjoin-gamestop-in-rally-as-trend-of-retail-investors-squeezing-hedge-funds-spreads.html>



### The most shorted names in the stock market

Stocks in the S&P 1500 with the highest percentage of float shares sold short

Ticker	Name	SI % of Float ▲
GME	GameStop Corp. Class A	138.32%
LGND	Ligand Pharmaceuticals Incorporated	64.24%
BBBY	Bed Bath & Beyond Inc.	64.08%
FIZZ	National Beverage Corp.	62.52%
AMCX	AMC Networks Inc. Class A	60.22%
MAC	Macerich Company	58.44%
SKT	Tanger Factory Outlet Centers, Inc.	49.7%
TR	Tootsie Roll Industries, Inc.	45.85%
PLCE	Children's Place, Inc.	37.88%
IRBT	iRobot Corporation	37.42%

Source: FactSet

2% CNBC

112. A few days later, after Roaring Kitty's video post, Ryan Cohen, renowned for his success with Chewy, acquired 9 million shares of GME, representing a 12.9% stake in the company.
113. In November 2020, it became public knowledge of Ryan Cohen's percent stake in GME.
114. On January 12<sup>th</sup>, 2021, Ryan Cohen joined the GME Board.
115. Ryan Cohen's significant investment and subsequent role as chairman shifted sentiments about GME's intrinsic value, attracting more investors from Reddit's WallStreetBets to join the movement. This move played a pivotal role in the evolving narrative around GME's stock.
116. Then, during the month of January 2021, the short squeeze that Roaring Kitty had suggested took place in earnest, with the price of GME shares exploding to nearly \$500 per share on January 28<sup>th</sup>, 2021.
117. The main victims of the squeeze ended up being a handful of hedge funds, some of which were forced to shut down due to heavy losses.<sup>25</sup>
118. As a result, the Meme stock phenomenon, shares of a company that have gained viral popularity due to heightened social sentiment, adopted a David vs. Goliath or Robin Hood connotation, symbolizing a narrative where small retail investors, often coordinated through platforms like Reddit's WallStreetBets, sought to challenge and disrupt established Wall Street practices, perceived as favoring the wealthy elite.<sup>26</sup>

<sup>25</sup> Mathis, Toby. "How Much did Hedge Funds Lose on GameStop?" Infinity Investing. Sep 27, 2021. Link: <https://infinityinvesting.com/gamestop-hedge-fund/>

<sup>26</sup> Hayes, Adam. "What Are Meme Stocks, and Are They Real Investments?". Investopedia. Updated August 31, 2023. Link: <https://www.investopedia.com/meme-stock-5206762#:~:text=A%20meme%20stock%20refers%20to,due%20to%20heightened%20social%20sentiment>

119. The movement was characterized by a populist sentiment of empowering individual investors against traditional institutional forces.<sup>27</sup>

120. Certainly, GME's success as the first meme stock served as inspiration for WallStreetBets users, leading them to identify other stocks with heavy short interest. This led to the rise of additional meme stocks, including:

- AMC
- Blackberry
- Bed Bath & Beyond
- Koss Corp
- Vinco Ventures; and others,

as the community of retail investors sought to replicate the dynamics observed in the GME situation.<sup>28</sup>

121. Indeed, in late January of 2021, AMC became a focal point for retail investors, creating a nightmare scenario for hedge funds and market makers betting against this once beat-up stock.

### **AMC Background - Covid-19 "Pandemic"**

122. With the onset of the COVID-19 pandemic and concomitant drop in movie theater attendance, AMC faced an existential crisis. The pandemic forced AMC to close approximately 1,000 theaters, furlough most of its 30,000 employees, and burn millions of dollars to stave off bankruptcy. As Aron would later recount to *Chief Executive*, AMC

"went from having \$450 million a month of revenue to \$450,000 a month of revenue in one week. In a week. We had \$600 million of cash on hand. But

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<sup>27</sup> Hayes, Adam. "What Are Meme Stocks, and Are They Real Investments?". Investopedia. Updated August 31, 2023. Link: <https://www.investopedia.com/meme-stock-5206762#:~:text=A%20meme%20stock%20refers%20to,due%20to%20heightened%20social%20sentiment> https://www.investopedia.com/meme-stock-5206762#:~:text=A%20meme%20stock%20refers%20to,due%20to%20heightened%20social%20sentiment

<sup>28</sup> Hayes, Adam. "What Are Meme Stocks, and Are They Real Investments?". Investopedia. Updated August 31, 2023. Link: <https://www.investopedia.com/meme-stock-5206762#:~:text=A%20meme%20stock%20refers%20to,due%20to%20heightened%20social%20sentiment>



all of a sudden, when you're burning \$125 million in cash a month, \$600 million doesn't last you very long."<sup>29</sup>

123. With AMC in dire straits, institutional investors fled and "short sellers and naked short sellers" piled on.

124. On August 3<sup>rd</sup>, 2020, there were 109,319,377 AMC shares of common stock issued and outstanding, consisting of 57,549,593 shares of class A common stock and 51,769,784 shares of class B common stock. The total authorized shares under the Third Amended and Restated Certificate of Incorporation (the "Certificate") was 524,173,073, as signed on December 17<sup>th</sup>, 2013.<sup>30</sup>

125. In 2020, AMC faced a substantial decline in its stock price, witnessing a roughly 73% decline from the high of \$7.78 on February 20<sup>th</sup>, 2020 to a year-end close of \$2.12. **(Note: These historical numbers are pre-split numbers and are reported how they traded on the actual date. To compare to post reverse split, multiply pre-RS numbers by 10).**

**February 20<sup>th</sup>, 2020 AMC \$7.78**

**December 31<sup>st</sup>, 2020 AMC \$2.12**

126. On December 10<sup>th</sup>, 2020, AMC entered into a commitment letter with Mudrick Capital Management, LP ("Mudrick Capital"), pursuant to which Mudrick Capital has committed to purchase \$100 million in aggregate principal amount of new 15%/17% Cash/PIK Toggle First Lien Secured Notes due 2026 to be issued by AMC. The commitment is subject to the satisfaction of certain conditions, including the payment of the commitment shares and consummation of the Second Lien Exchange. The Notes, when issued, will bear cash interest at a rate of 15 percent per annum payable semi-annually in arrears on July 15 and January 15, beginning on July 15. Interest for the first three interest periods after the issue date may, at AMC's option, be paid in kind at a rate of 17 percent per annum. Thereafter, interest shall be payable solely in cash. As consideration for its commitment, Mudrick Capital will receive a commitment fee equal to 8,241,758 million shares of AMC's Class A common stock. Mudrick will also exchange \$100 million aggregate principal amount of AMC's 10%/12% Cash/PIK Toggle Second Lien Subordinated Secured Notes due 2026 currently held by Mudrick, for

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<sup>29</sup> Bigman, Dan. "How AMC Entertainment Survived The Pandemic". Chief Executive.

Link: <https://chiefexecutive.net/how-amc-entertainment-survived-the-pandemic/>

<sup>30</sup> THIRD AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF AMC ENTERTAINMENT HOLDINGS, INC.

Signed on December 17, 2013. Link:

[https://www.sec.gov/Archives/edgar/data/1411579/000110465913092001/a13-26957\\_1ex3d1.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465913092001/a13-26957_1ex3d1.htm)

13,736,264 million shares of the company's Class A common stock, known as the Second Lien Exchange.<sup>31</sup>

127. As a result, AMC committed to issue an aggregate of 21,978,022 shares of Class A common stock in a private placement pursuant to an exemption from the registration requirements of the Securities Act. AMC will issue the shares in reliance on an exemption from registration provided by Section 4(a)(2) of the Securities Act. AMC will rely on this exemption from registration based in part on representations made by Mudrick Capital in the Commitment Letter. The shares of Class A common stock will be issued as consideration for (i) the commitment provided by Mudrick Capital with respect to the Notes and (i) the Second Lien Exchange.

128. On December 11<sup>th</sup>, 2020, the New York Post published an article titled "Apollo circling AMC as theater chain scrambles to stay afloat: sources". The articles reads in part:

AMC Entertainment is being circled by a trio of investment firms including Apollo Global Management as the movie-theater chain scrambles to stay afloat amid the pandemic, The Post has learned. Apollo, which along with Canyon Capital Advisors and Davidson Kempner Capital Management are holders of AMC's first-lien debt, are urging the company to file for Chapter 11 bankruptcy and have offered \$1 billion in debtor-in-possession financing, according to sources close to the situation. The deal would keep its theater doors open in the coming year — and land AMC in the hands of the investment firms, the sources said. Apollo — whose embattled chief executive Leon Black is being probed over his ties to dead pedophile Jeffrey Epstein — is leading the campaign to take control of AMC, insiders said.<sup>32</sup>

129. On December 28<sup>th</sup>, 2020, there were 164,298,527 shares of Class A Common Stock and 51,769,784 shares of Class B Common Stock outstanding.<sup>33</sup>

130. In January 2021, retail investors, banding together on a web forum on Reddit.com called "WallStreetBets, started buying AMC stock in droves, turning AMC into a meme stock.

131. From January 4<sup>th</sup>, 2021 to January 22<sup>nd</sup>, 2021, AMC's stock price gradually increased from a low of \$1.91 to a high of \$3.74.

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<sup>31</sup> <https://www.sec.gov/Archives/edgar/data/1411579/000141157921000038/amc-20210331x10q.htm>

<sup>32</sup> Kosman, Josh. "Apollo circling AMC as theater chain scrambles to stay afloat: sources".

New York Post. Published Dec. 11, 2020, 10:24 a.m. ET. Link:

<https://nypost.com/2020/12/11/apollo-circling-amc-as-chain-scrambles-to-stay-afloat-sources/>

<sup>33</sup> SEC SCHEDULE 14C. Form Filed on December 31, 2020. Link:

[https://www.sec.gov/Archives/edgar/data/1411579/000110465920140708/tm2038974-2\\_def14c.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465920140708/tm2038974-2_def14c.htm)



132. The rescue of AMC by retail investors was a major goal of the meme stock movement.

133. It is no exaggeration to say that retail investors saved AMC.

134. The trading price of AMC Common Stock continued to rise from \$2.12 per share on December 31<sup>st</sup>, 2020, to \$4.96 per share by January 26<sup>th</sup>, 2021 to \$19.90 per share by January 27<sup>th</sup>, 2021.

<b>December 31<sup>st</sup>, 2020</b>	<b>AMC</b>	<b>\$2.12</b>
<b>January 26<sup>th</sup>, 2021</b>	<b>AMC</b>	<b>\$4.96</b>
<b>January 27<sup>th</sup>, 2021</b>	<b>AMC</b>	<b>\$19.90</b>

135. In less than 72 hours, AMC went from impending bankruptcy to seeing its stock price rise 467%, with the hashtag #SaveAMC going viral.

#### **At-the-Market Offerings of Treasury Shares**

136. AMC capitalized on the opportunity presented by the increase in its stock price to conduct a series of ATM offerings of treasury shares. As disclosed in AMC's annual report, AMC raised nearly \$1.9 billion in gross proceeds through pandemic-era offerings:

<b>"ATM" Equity Distribution Agreement Dates</b>	<b>Number of Class A common stock shares sold (in millions USD)</b>	<b>Gross Proceeds (in millions USD)</b>
9/24/2020	15	\$56.1
10/20/2020	15	\$41.6
11/10/2020	20	\$61.4
12/11/2020	40.93 <sup>34</sup>	\$113.7 <sup>35</sup>
<b>Total year ended 12/31/2020</b>	<b>90.93</b>	<b>\$272.8</b>

<sup>34</sup> December 3<sup>rd</sup>, 2020 Form S-3, 40.93 million shares out of 200 million ATM  
[https://investor.amctheatres.com/sec-filings/all-sec-filings/content/0001104659-20-131796/tm2036414-1\\_s3.htm](https://investor.amctheatres.com/sec-filings/all-sec-filings/content/0001104659-20-131796/tm2036414-1_s3.htm)

<sup>35</sup> <https://investor.amctheatres.com/sec-filings/all-sec-filings/content/0001411579-21-000038/amc-20210331x10q.htm> page 56

12/11/2020	137.07	\$352.6
1/25/2021	50	\$244.3
4/27/2021	43	\$427.5
6/3/2021	11.55	\$587.4
<b>Total year ended 12/31/2021</b>	<b>241.62</b>	<b>\$1,611.8</b>

137. AMC used the following underwriters to execute the AMC common stock ATM offerings for the following below dates:

<b>"ATM" Equity</b>		<b>Underwriters</b>	
<b>Distribution Agreement</b>			
<b>Dates</b>			
9/24/2020	Citigroup Global Markets Inc	Goldman Sachs & Co. LLC	
10/20/2020	Citigroup Global Markets Inc	Goldman Sachs & Co. LLC	
11/10/2020	Goldman Sachs & Co. LLC	B. Riley Securities, Inc	
12/11/2020	Goldman Sachs & Co. LLC	B. Riley Securities, Inc	
12/11/2020	Goldman Sachs & Co. LLC	B. Riley Securities, Inc	
1/25/2021	Goldman Sachs & Co. LLC	B. Riley Securities, Inc	
4/27/2021	Goldman Sachs & Co. LLC	B. Riley Securities, Inc	
	Citigroup Global Markets Inc		
6/3/2021	B. Riley Securities, Inc	Citigroup Global Markets Inc	

138. As reflected above, AMC used either 2 or 3 underwriters during the AMC common stock ATM's in 2020 and 2021.

139. AMC also issued equity to retire a portion of its debt. Ultimately, AMC issued nearly all of the shares authorized under the Certificate to survive the pandemic.

140. AMC adopted its Third Amended and Restated Certificate of Incorporation (the "Charter") in connection with AMC's initial public offering in 2013. The Charter provided AMC with authority to issue up to 650,000,000 shares, consisting of (i) 524,173,073 shares of Class A common stock, (ii) 75,826,927 shares of high-voting Class B common stock<sup>1</sup>—which were convertible to Class A common stock under various circumstances—and (iii) 50,000,000 shares of Preferred Stock.<sup>36</sup> Pursuant to the Charter, each share of Class A common stock was entitled to 1 vote per share. Class B common stock was entitled to 3 votes per share. And the terms and preferences of the Preferred Stock, including voting rights, if any, were to be established by AMC's Board of Directors.

<sup>36</sup> THIRD AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF AMC ENTERTAINMENT HOLDINGS, INC. Filed with SEC. Dated December 17, 2023.  
Link: [https://www.sec.gov/Archives/edgar/data/1411579/000110465913092001/a13-26957\\_1ex3d1.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465913092001/a13-26957_1ex3d1.htm)



141. Prior to 2021, AMC had only issued shares of Class A and Class B common stock. The Company had not established or issued any series of preferred stock.

142. On January 25<sup>th</sup>, 2021, AMC opened at \$4.71, gapping up \$1.20 from the previous close of \$3.51, with an intraday high of \$4.88, and an intraday low of \$3.85. The stock closed at \$4.42, accompanied by a significant daily trading volume at 443,238,100 shares.

Date	Open	High	Low	Close	Volume
Jan. 25, 2021	4.71	4.88	3.85	4.42	443,238,100
Jan. 22, 2021	2.91	3.74	2.81	3.51	268,273,400

143. That morning, AMC disclosed that since December 14<sup>th</sup>, 2020, it has raised \$917 million of new equity and debt capital. AMC raised \$506 million of equity, from the issuance of 164.7 million new common shares, along with the previously announced securing of \$100 million of additional first-lien debt and the concurrent issuance of 22 million new common shares to convert \$100 million of second-lien debt into equity. In addition, AMC has executed commitment letters for \$411 million of incremental debt capital in place through mid-2023, unless repaid before then, through the upsizing and refinancing of its European revolving credit facility.<sup>37</sup> Aron stated,

**“This means that any talk of an imminent bankruptcy for AMC is completely off the table”<sup>38</sup>**

144. Traditionally, equity dilution combined with an increased debt would have lowered AMC's stock price because it increases the outstanding share amount, thus diluting previous shareholder value. However, retail investors brought up the new shares.

145. On January 27<sup>th</sup>, 2021, AMC opened at \$20.34, gapping up \$15.38 from the previous close of \$4.96, experiencing an extreme volatile trading day with an intraday high of \$20.36, and an intraday low of \$11.01.<sup>39</sup> The stock closed at \$19.90, accompanied by a significant daily trading volume at 1,222,342,500 shares

<sup>37</sup> <https://www.businesswire.com/news/home/20210125005273/en/AMC-Raises-917-Million-of-Fresh-Investment-Capital-Since-Mid-December-of-2020>

<sup>38</sup> Whitten, Sarah. “AMC Entertainment says bankruptcy is off the table after raising more than \$900 million since December.” January 25, 2021. Quoting CEO Adam Aron. Link: <https://www.cnbc.com/2021/01/25/amc-says-bankruptcy-off-the-table-after-raising-more-than-900-million.html>

<sup>39</sup> Historical Data on AMC stock in this example are given with the actual price on those dates. In order to compare to post-RS share structure, multiply historical numbers by 10 to compare to post RS numbers.

Date	Open	High	Low	Close	Volume
Jan. 27, 2021	20.34	20.36	11.01	19.90	1,222,342,500
Jan. 26, 2021	5.09	5.19	4.37	4.96	456,850,200

146. That morning, CNBC's Pippa Stevens reported that AMC had 24% of its float tied up in short interest.<sup>40</sup>

147. Later that Wednesday evening, at 8:00 pm EST, after AMC traded a little over 1.2 billion shares, the AMC Board convened a special meeting via Zoom. Aron "recommended that Company schedule a special stockholders meeting to amend its certificate of incorporation to authorize another 500 million shares in case Company decides to use equity in additional deleveraging strategies."

148. Aron also gave the AMC Board notice about:

- the week's ATM results, including after-hours trading on Tuesday
- Silver Lake Group and a "certain co-investor"<sup>41</sup> converted its \$600 million of convertible debt into approximately 44 million shares of AMC stock and they sold their shares on the open market today
- registering the remaining 63 million AMC shares
- working with Moelis/Weil<sup>42</sup> to explore ways to sell newly issued stock and selling such stock
- using such stock in exchanges

149. Aron also proposed adding Philip Lader to the pricing committee.

150. The AMC Board adopted a resolution proposing to amend AMC's Charter to increase the total number of authorized shares of Class A common stock by 500,000,000 shares to a total of 1,024,173,073 shares of Class A common stock (the "First Charter Amendment Proposal"), and resolved to submit that proposed amendment to a vote of the Class A common stockholders at AMC's annual meeting on May 4<sup>th</sup>, 2021 (the "2021 Annual Meeting").

151. Aron's proposal is notable for its significant magnitude, especially in light of the outstanding float at that time, being a little over 400 million shares, with 63 million shares still available for issuance. During the special meeting, no documentation was provided to demonstrate that any financial analysis was undertaken to justify the recommendation to authorize an additional 500 million shares.

<sup>40</sup> <https://www.cnbc.com/2021/01/27/amc-shares-triple-as-retail-investor-raid-of-hedge-fund-short-targets-spreads-from-gamestop.html>

<sup>41</sup> [https://www.sec.gov/Archives/edgar/data/1411579/000110465921048386/tm2112373d1\\_sc13da.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921048386/tm2112373d1_sc13da.htm)

<sup>42</sup> Investment banker / outside counsel



152. As a result, January 27<sup>th</sup>, 2021 marked the genesis of Project Popcorn.
153. While Silver Lake Group and a “certain co-investor” converting its debt flooded the market with new AMC shares, it also wiped \$600 million of debt off AMC’s books.
154. Amid the extreme trading volatility in January 2021, on Thursday, January 28<sup>th</sup>, 2021, several online trading platforms, including Robinhood and Interactive Brokers, restricted the purchase of several securities such as AMC and GME.
155. Robinhood cited market volatility as the reason for the restrictions but allowed customers to sell their positions in the affected stocks. Additionally, Robinhood raised margin requirements on certain securities. As a result, retail investors refer to January 28<sup>th</sup>, 2021 as the day when the buy button was taken away.
156. On January 28<sup>th</sup>, 2021, with the buy button removed, AMC opened at \$11.98, gapping down \$7.92 from the previous close of \$19.90, experiencing an extreme volatile trading day with an intraday high of \$16.50, and an intraday low of \$6.51.<sup>43</sup> The stock closed at \$8.63, accompanied by a significant daily trading volume at 591,223,900 shares

Date	Open	High	Low	Close	Volume
Jan 28, 2021	11.98	16.50	6.51	8.63	591,223,900
Jan. 27, 2021	20.34	20.36	11.01	19.90	1,222,342,500

157. On January 29<sup>th</sup>, 2021, the Silver Lake Group conversion settled and resulted in the issuance of 44,422,860 shares of Class A common stock to Silver Lake Group and a “certain co-investor”.
158. Pursuant to a Stock Repurchase and Cancellation Agreement (the “Stock Repurchase Agreement”) between AMC and Wanda America Entertainment, Inc. “WAE”, a Delaware corporation and a U.S. based subsidiary of Wanda Group, dated as of September 14<sup>th</sup>, 2018, 5,666,000 shares of Class B Common Stock held by WAE were forfeited and canceled in connection with the conversion by Silver Lake Group and a “certain co-investor” on January 29<sup>th</sup>, 2021.

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<sup>43</sup> Historical Data on AMC stock in this example are given with the actual price on those dates. In order to compare to post-RS share structure, multiply historical numbers by 10 to compare to post RS numbers.

159. On February 1<sup>st</sup>, 2021, WAE, on behalf of nine Chinese companies and Jianlin Wang, converted all 46,103,784 AMC Class B common stock into 46,103,784 AMC Class A common stock. While Wanda remained AMC's largest single shareholder, the conversion, as well as AMC's financing efforts took its stake below 37% effectively surrendering its majority control since Class A common only provides one vote per share while Class B provides three votes.

160. Following WAE's conversion, AMC retired the Class B common stock by filing a certificate of retirement with the secretary of state of the state of Delaware. As a result, the charter no longer permitted the issuance of Class B common Stock, and the only outstanding voting securities of AMC were its shares of Class A Common Stock.

161. Also on February 1<sup>st</sup>, 2021, WAE sold 2,061,060 shares of Class A common stock in the open market at a weighted average price of \$14.5901 per share.<sup>44</sup>

162. On February 22<sup>nd</sup>, 2021, Aron issued a statement on the reopening of movie theaters in New York City stating in part,

“Governor Cuomo's announcement that movie theatres can reopen in New York City in the first week of March is another important step towards restoring the health of the movie theatre industry and of our Company. We are excited to announce that AMC, the largest movie theatre exhibitor in New York City, will reopen all 13 of our theatres in New York City beginning March 5.”<sup>45</sup>

163. On March 11<sup>th</sup>, 2021, there were 450,156,186 AMC shares of common stock issued and outstanding.<sup>46</sup>

164. On March 15<sup>th</sup>, 2021, an analyst report<sup>47</sup> published by Citi Research for Citigroup Global Markets Inc., revealed a significant conflict of interest, as Citigroup disclosed its role as AMC's

- business client
- **market maker**

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<sup>44</sup> [https://www.sec.gov/Archives/edgar/data/1411579/000110465921048386/tm2112373d1\\_sc13da.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921048386/tm2112373d1_sc13da.htm)

<sup>45</sup> <https://www.businesswire.com/news/home/20210222005894/en/AMC-Theatres-Statement-on-the-Reopening-of-Movie-Theatres-in-New-York-City>

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[https://www.sec.gov/Archives/edgar/data/1411579/000104746921000518/a2243000zpre14a.htm#da47801\\_proxy\\_summary](https://www.sec.gov/Archives/edgar/data/1411579/000104746921000518/a2243000zpre14a.htm#da47801_proxy_summary)

<sup>47</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 6 Pages 341-352



- investment banker
- underwriter
- analyst
- and holder of "significant financial interest" and its affiliates in AMC.<sup>48</sup>

**See Exhibit A**

165. Despite these connections, Citi Research recommended a sell rating and a \$2.00 price target for AMC in early 2021. In March 2021, AMC's daily trading range fluctuated between a high of \$14.54 and a low of \$7.50. Citi Research's recommended price target of \$2.00 suggested a potential negative market return of over 85%.
166. The dual role of Citigroup Global Markets Inc., both as a financial advisor to AMC and a market participant (market maker), coupled with a public bearish stance on the stock, does raise valid concerns about potential conflicts of interest. Such conflicts may indeed compromise the objectivity of Citigroup Global Markets Inc., acting as a financial advisor to AMC and may negatively impact AMC stockholders. The apparent oversight by the AMC Board in addressing this conflict raises questions about fulfilling their fiduciary responsibility to stockholders.
167. In March 2021, Aron bestowed a combined 500,000 shares of AMC stock upon his two sons, Jeremy Aron and David Aron, an act that has proven to be exceptionally prescient. At the time of the gift, the stock was valued at \$8.03 per share.
168. On March 17<sup>th</sup>, 2021, AMC announced a significant milestone in its recovery plan, stating that 98% of its U.S. theaters would be open for guests to enjoy the cinematic experience on the big screen.
169. This reopening initiative was set to commence on Friday, March 19<sup>th</sup>, 2021, with expectations that by the following Friday, March 26<sup>th</sup>, 2021, 99% of the U.S. circuit would be operational. Notably, more than 40 AMC locations in California were scheduled to reopen starting March 19<sup>th</sup>, 2021, encompassing all 25 locations in Los Angeles County and all eight locations in San Diego County. By Monday, March 22<sup>nd</sup>, 2021, AMC anticipated that 52 out of its 54 locations in California would have reopened their doors to moviegoers.<sup>49</sup>

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<sup>48</sup> For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at [www.citiVelocity.com](http://www.citiVelocity.com)

<sup>49</sup> <https://www.businesswire.com/news/home/20210317005838/en/AMC-Theatres%C2%AE-to-Have-98-of-Its-U.S.-Locations-Open-Beginning-Friday-March-19>

170. On March 19<sup>th</sup>, 2021, AMC filed a proxy statement with the SEC, through which the AMC Board solicited stockholder support of a proposal to approve an amendment to the Certificate to increase the total number of Common Stock shares authorized under the Certificate (the “Rejected Proposal”).

171. The original iteration of the Rejected Proposal, was met with disapproval from many of the retail investors, who had driven up AMC’s stock price, and did not want to be diluted through new equity issuances, and may have had (well-founded) misgivings about the advisability of giving management so much “dry powder” to use equity to fund questionable investments.

172. AMC took responsive action to the opposition to the Rejected Proposal.

173. On March 19<sup>th</sup> and 20<sup>th</sup> 2021, WAE sold 1,582,996 and 12,004,438 shares of Class A common stock in the open market at a price of \$14.43 and \$13.98 per share, respectively.<sup>50</sup>

174. On March 31<sup>st</sup>, 2021, there were 450,280,240 AMC shares of common stock issued and outstanding.<sup>51</sup>

175. During the month of March of 2021, AMC’s stock price traded at a low of \$7.50 and a high of \$14.49, closing the month at \$10.35.

176. On April 1<sup>st</sup>, 2021, Aron gave an interview to Jim Cramer and Carl Quintanilla which originally aired on CNBC where he publicly discussed the proposal and attempted to quell stockholder concern about dilution caused by the authorization and/or issuance of additional common stock.

“Dilution is something we care about but I would also tell you we are formally asking for approval from our shareholders to authorize another 500 million shares that the company could issue if it wishes. There are a lot of benefits to our shareholders of having board-authorized shares out in the market. We will be sensitive to dilution issues. At the same time, though, there’s an opportunity to bolster our cash reserves. There’s an opportunity to buy back debt at a discount. There might be an opportunity to defray some of our deferred theater rents; settling with stock instead of cash; maybe there’s some merger and acquisition opportunity where we could buy other companies inexpensively using our stock as currency, there are a lot of good reasons for shareholders to

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<sup>50</sup> [https://www.sec.gov/Archives/edgar/data/1411579/000110465921048386/tm2112373d1\\_sc13da.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921048386/tm2112373d1_sc13da.htm)  
March 20th, 2021 is a Saturday

<sup>51</sup> <https://investor.amctheatres.com/sec-filings/all-sec-filings/content/0001411579-21-000038/amc-20210331x10q.htm>



give us the authority to have more shares ... That doesn't mean we'll use all of those shares right away, but it does give the company optionality and flexibility; and optionality and flexibility when you're navigating these uncharted waters of pandemic are very good things.”<sup>52</sup>

177. During the April 1<sup>st</sup>, 2021 interview, Aron completely downplayed the impact of dilution especially on earnings per share (EPS). This is evident when comparing the years 2020 and 2021 for AMC. With an increased number of outstanding shares in late 2020 and 2021, achieving an EPS of \$1 would necessitate earning a higher net income of \$501,780,240 in 2021 compared to the \$109,000,000 required in mid-2020. This comparison effectively illustrates how dilution can impact a company's financial metrics, highlighting the importance of considering dilution effects when evaluating performance.

178. On April 14<sup>th</sup>, 2021, Aron gave an interview with Tremayne Collins (“Trey”) (a YouTube personality with a significant following among retail investors) which aired on the YouTube Channel “Trey’s Trades.” During that interview, Aron proclaimed:

“We are going to pledge right now today publicly and we will file this publicly so it will be binding on us, because you can't announce intentions and then not carry through it, we hereby pledge at AMC that if the shareholders approve this authorization for 500 million new shares to be issued we will not use one of those 500 million shares in calendar year 2021. Not one.”<sup>53</sup>

179. Of particular significance about this April 14<sup>th</sup>, 2021 interview was how Aron introduced and portrayed himself skillfully as one of the group, emphasizing the shared goal of protecting AMC from its enemies.

180. It's notable that the interview was viewed around 450 thousand times on YouTube and was shared across various social media platforms. The widespread engagement suggests a significant level of interest in the discussed content.

181. During this pivotal interview, Aron addressed the issue of short sales, acknowledging the company's vulnerability and the ongoing attack it faces. Furthermore, Aron highlighted his significant ownership of AMC shares, emphasizing that the executives' compensation primarily consisted of stock rather than cash. This was intended to instill confidence among retail stockholders, assuring them that the executives' interests aligned with theirs, as a growing

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<sup>52</sup> Transcript of April 1<sup>st</sup>, 2021 Adam Aron interview with Jim Cramer and Carl Quintanilla. Filed as a Schedule 14A with the SEC. Date of Interview April 1, 2021. Link:

[https://www.sec.gov/Archives/edgar/data/1411579/000110465921045704/a21-11926\\_1defa14a.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921045704/a21-11926_1defa14a.htm)

<sup>53</sup> Interview Adam Aron with Trey's Trades on YouTube from April 14<sup>th</sup>, 2021, Time: 1:09:50 – 1:11:00, Source: <https://www.youtube.com/watch?v=XjqCaNKsSbc&t=4209s>

stock price directly benefited both parties. Throughout the interview, Aron consistently endeavored to bolster stockholder faith and confidence in his leadership and the AMC Board. He publicly declared that AMC had already amassed a formidable cash reserve surpassing \$1.822 billion and still possessed 43 million shares that could be issued at their discretion if the company would need it. Although he addressed the sale of stock by some executives during the January 2021 surge, he attributed it to their human nature, having endured relentless “attacks” for over a year, and their desire to secure some gains—a calculated move aimed at leveraging the sentiment against short sellers ‘attacking’ the company and driving down the share price.

182. “On April 27<sup>th</sup>, 2021, the AMC Board met and discussed the rejected proposal. Per Aron, the rejected proposal “was destined to fail.” He “explained that [AMC] now ha[d] an approximate **85% retail shareholder base. Most of those stockholders are voting ‘no’ on share authorization because they want fewer shares, not more, to create scarcity to make it harder for the short sellers to borrow shares.**” Aron also noted that “*even securing a 50% voting quorum is proving to be a challenge with this retail stockholder base as many don’t vote* and many of the shares have changed hands since the record date.” In addition, “Aron indicated that the Company would likely take the share authorization proposal to the stockholders at a special meeting later in the year or in 2022.” ” <sup>54</sup>

183. Following Aron’s presentation to the AMC Board, and before having to announce voting results the AMC Board agreed to withdraw the rejected proposal and not seek its approval by the stockholders.

184. That same day, at 6:39 pm, Aron tweeted:

“It is important for company management teams to listen to their shareholders. Many of you are not ready as of yet for a 500 million share authorization increase, so we have tabled the idea for now. There will be no vote on this matter on May 4.” <sup>55</sup>

185. “The AMC Board continued to explore ways to increase the number of shares of Common Stock authorized by the certificate, however.”

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<sup>54</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 66. Link: [https://d1io3yog0oux5.cloudfront.net/\\_779485efbcfa5fdb29eca0e9b7a2fbb7/amctheatres/db/2397/23093/file/unredacted-operative-complaint.pdf](https://d1io3yog0oux5.cloudfront.net/_779485efbcfa5fdb29eca0e9b7a2fbb7/amctheatres/db/2397/23093/file/unredacted-operative-complaint.pdf)

<sup>55</sup> CEO Adam Aron on X (formerly called twitter). April 27<sup>th</sup>, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1387174679253815303>



186. Also on April 27<sup>th</sup>, 2021, AMC announced that to further bolster its cash reserves, it filed a shelf registration today with the SEC to permit the issuance and sale of up to 43 million shares of the Company's Class A Common Stock from time to time through an ATM equity offering program. Aron states in part,

"We have previously pointed out that the sale of up to 43 million AMC shares, the currently available amount for possible issuance under a previous shareholder authorization, should more than satisfy AMC's liquidity needs for 2021." <sup>56</sup>

187. During the month of April of 2021, AMC's stock price traded at a low of \$9.15 and a high of \$12.22, closing the month at \$10.20.

188. "On May 4<sup>th</sup>, 2021, the AMC Board met and Aron "discussed the propriety of postponing Company's annual stockholder meeting and setting a new record date to provide a better opportunity to pass [redacted] and perhaps the share authorization proposals." When discussing seeking stockholder approval of an increase to the Common Stock, the Board noted that "[a]uthorization may be difficult" because: (i) "A massive amount of stock has turned over recently"; (ii) the "Investor base is widely dispersed, and heavily weighted towards retail investors"; and (iii) "Requires majority votes outstanding (225M votes)." To offset these concerns, the Board considered whether it should "[o]pportunistically find a time with lower volumes" or "[l]aunch [such a proposal] with broader PR campaign." <sup>57</sup>

189. "The AMC Board also considered ways in which it could restructure its balance sheet. Notably, despite AMC having multiple means of raising capital, including deploying its "blank check" preferred stock to benefit the common stockholders, the only proposals presented to the AMC Board contemplated AMC obtaining authorization to issue additional Common Stock." <sup>58</sup>

190. Later that day, AMC announced that the AMC Board had postponed the annual meeting of stockholders to July 29<sup>th</sup>, 2021, to "provide additional time for its millions of current individual shareholders to have their voices heard and more time to cast ballots on important shareholder matters." <sup>59</sup>

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<sup>56</sup> "AMC Entertainment Announces At-The-Market Offering Program and Withdraws Proposal to Increase Authorized Shares." Business Wire. April 27, 2021. Link: <https://www.businesswire.com/news/home/20210427006180/en/AMC-Entertainment-Announces-At-The-Market-Offering-Program-and-Withdraws-Proposal-to-Increase-Authorized-Shares>

<sup>57</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 68.

<sup>58</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 69.

<sup>59</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 70

191. “On May 4<sup>th</sup>, 2021, the AMC Board also amended its bylaws to lower the quorum requirement. AMC went from requiring that a majority of the stock issued and outstanding and entitled to vote at any meeting of the stockholders be present at a meeting to requiring that just one third of the stock issued and outstanding and entitled to vote at any meeting of the stockholders be present.”<sup>60</sup>

192. On May 13<sup>th</sup> 2021 Aron Tweeted publicly to his audience of retail investors:

“AMC just announced that in only two weeks we completed our 43 million share At The Market equity raise. We got \$428 million more cash, prior to commissions/fees, which clearly puts AMC in a stronger position to tackle the challenges and capitalize on the opportunities ahead.”<sup>61</sup>

193. On May 13<sup>th</sup>, 14<sup>th</sup>, 17<sup>th</sup>, and 18<sup>th</sup> of 2021, Wanda unloaded their remaining shares in AMC in the open market, except for 10,000 shares. Then, on May 21<sup>st</sup>, 2021, WAE filed their FORM SC 13D/A, amending the statement of beneficial ownership to reflect ownership of only 10,000 shares.

194. On May 25<sup>th</sup>, 2021, AMC’s stock price finally surged above the \$15 level, closing the trading day at \$16.41. Leading up to this breakthrough, from May 1<sup>st</sup> to May 24<sup>th</sup>, 2021, AMC's stock price traded in a range of \$8.93 to \$14.67.

195. On Friday, May 28<sup>th</sup>, 2021, AMC common stock opened at \$31.81, hit a high of \$36.72, an intraday low of \$24.17 and closed at \$26.12.<sup>62</sup>

**May 28<sup>th</sup>, 2021 Open: \$31.81 High: \$36.72 Low: \$24.17 Close: \$26.12**

196. With AMC's new 52-week high reaching \$36.72, just \$3.28 away from the \$40 mark, Jason Mudrick of Mudrick Capital felt a sense of urgency regarding the naked calls his firm held at \$40, which could potentially be exercised.

197. However, Jason Mudrick devised a plan to address this situation. Over the Memorial Day weekend (May 29<sup>th</sup> -May 31<sup>st</sup> 2021), he negotiated a deal with Aron, to purchase 8.5 million

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<sup>60</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 71

<sup>61</sup> CEO Adam Aron on X (formerly called twitter). May 13<sup>th</sup>, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1392876491864690694>

<sup>62</sup> These historical numbers are pre-split and are not adjusted. To compare to post-RS numbers, multiply by 10.



new shares of AMC stock. Mudrick **agreed to pay a \$1 premium** of \$27.12 per share for these newly issued shares. This strategic move allowed Mudrick Capital to mitigate the risk associated with their naked calls and maintain control over their position in AMC.

198. However, the question arises: where did these 8.5 million shares come from, considering that according to Aron, only 43 million shares were left on April 14<sup>th</sup>, 2021, and they were all sold by May 13<sup>th</sup>, 2021?

199. On June 1<sup>st</sup>, 2021, sometime between 6:00 am EST and 6:52 am EST, AMC made an announcement in an SEC filing disclosing that it had sold 8.5 million shares of its stock to Mudrick Capital. The shares were sold at a price of \$27.12 per share, resulting in total proceeds of over \$230.5 million for AMC.<sup>63</sup>

200. Jason Mudrick also learned that AMC was planning to float 11.5 million new shares to generate additional cash.

201. Then, on Tuesday, June 1<sup>st</sup>, 2021, when the market opened after the holiday weekend, Jason Mudrick earned a profit of a few million dollars by promptly selling all 8.5 million shares, and subsequently publicly stating that AMC shares were overvalued. As Bloomberg pointed out at the time, this was a very unusual move:

**“Raising cash through an equity sale to a single holder is relatively rare in U.S. markets. Having the holder flip the stock right after buying it is almost unheard of – usually the buyer is an existing stakeholder trying to send a message of stability to the market.”**<sup>64</sup>

202. But after Jason Mudrick sold the 8.5 million shares, he failed to exit his short position, according to the Wall St. Journal, which cited unnamed sources.<sup>65</sup>

203. On June 2<sup>nd</sup>, 2021, AMC common stock opened at \$37.52, hit a high of \$72.62, which established the high for AMC’s meme run, and closed at \$62.55.<sup>66</sup>

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<sup>63</sup> [https://www.sec.gov/Archives/edgar/data/1411579/000110465921074584/tm2117986d3\\_defa14a.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921074584/tm2117986d3_defa14a.htm)

<sup>64</sup> <https://www.bloomberg.com/news/newsletters/2021-06-02/money-stuff-amc-brings-out-the-popcorn>  
Link 2: [https://www.wsj.com/articles/amc-bet-by-hedge-fund-unravels-thanks-to-meme-stock-traders-11623431320?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosmarkets&stream=business](https://www.wsj.com/articles/amc-bet-by-hedge-fund-unravels-thanks-to-meme-stock-traders-11623431320?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosmarkets&stream=business)

<sup>65</sup> <https://www.bloomberg.com/news/articles/2021-06-11/mudrick-s-amc-bet-backfires-after-meme-frenzy-wrecks-hedges>

<sup>66</sup> These historical numbers are pre-split and are not adjusted. To compare to post-RS numbers, multiply by 10.

**June 2<sup>nd</sup>, 2021 Open: \$37.52 High: \$72.62 Low: \$35.59 Close: \$62.55**

204. On June 2<sup>nd</sup>, 2021, Mudrick Capital experienced a 10% decline amidst a surge in AMC's stock price, as reported by the Wall Street Journal. Jason Mudrick's fund primarily incurred losses by selling AMC call options at \$40 each. As call option prices surged amid frenzied trading in AMC stock, it later resulted in millions of losses for the fund. According to the Wall Street Journal, Jason Mudrick decided to exit the AMC debt and derivative positions the next day during an internal meeting held on the evening of June 1<sup>st</sup>. The fund managed to achieve a 5% return on the debt, but after factoring in its options trade, it incurred a net loss of approximately 5.4% on AMC.

### **AMC's Trading Volume During the Meme Run-up**

205. In 2020, spanning 252 trading days, AMC's average trading volume for the first 67 trading days stood at 4,378,700 shares, with an outstanding float of approximately 100 million shares. Over the ensuing 185 trading days of 2020, the average trading volume increased to 13,052,410 shares, coinciding with an increase in the outstanding float to approximately 216 million shares.

206. In 2021, spanning 251 trading days, AMC's average trading volume for the first 9 trading days was 41,091,190 shares. During the ensuing 18 trading days, coinciding with the January 2021 Meme Stock run up, the average trading volume soared to 339,549,030, substantially exceeding its outstanding float at that time, signaling exceptionally high trading activity. Following this, over the subsequent 224 trading days, the average trading volume decreased to 99,787,670 shares.

<b>Date</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Volume</b>	<b>Shares Outstanding</b>
June 04, 2021	48.79	57.48	46.04	47.91	337,710,100	513,330,240
June 03, 2021	58.10	68.80	37.66	51.34	598,142,200	513,330,240
June 02, 2021	37.52	72.62	35.59	62.55	766,462,500	501,780,240
June 01, 2021	31.89	33.53	28.53	32.04	508,694,600	501,780,240
May 28, 2021	31.81	36.72	24.17	26.12	660,623,600	493,280,240
May 27, 2021	18.61	29.76	18.31	26.52	705,545,700	493,280,240
Jan. 29, 2021	14.31	16.00	11.60	13.26	602,193,300	450,156,186
Jan. 28, 2021	11.98	16.50	6.51	8.63	591,223,900	405,733,326
Jan. 27, 2021	20.34	20.36	11.01	19.90	1,222,342,500	405,733,326 <sup>67</sup>
Jan. 26, 2021	5.09	5.19	4.37	4.96	456,850,200	342,433,326

<sup>67</sup> <https://www.businesswire.com/news/home/20210127005752/en/AMC-Completes-At-the-Market-Equity-Program>



207. On June 2<sup>nd</sup>, 2021, there were 501,780,240 AMC shares of common stock issued and outstanding.<sup>68</sup>

208. On June 3<sup>rd</sup>, 2021, sometime between 6:00 am EST and 7:17 am EST, AMC announced that they entered into an equity distribution agreement with B. Riley Securities, Inc. and Citigroup Global Markets Inc. as underwriters to sell up to 11,550,000 shares of Class A common stock, from time to time, through an ATM offering program.

209. In their SEC filing, AMC updated the risk factor section, in the supplemental prospectus, cautioning about AMC's market price, trading volume and extreme volatility which could cause purchasers to incur substantial losses. AMC said in part,

**“We believe that the recent volatility and our current market prices reflect market and trading dynamics unrelated to our underlying business, or macro or industry fundamentals, and we do not know how long these dynamics will last”**<sup>69</sup>

210. Somehow, even with AMC's updated risk factor section “pointing to red flags”, approximately three hours later, AMC announced it completed the share offering, raising \$587 million by selling 11,550,000 shares at an average price of approximately \$50.85 per share.

211. The question arises: where did these 11.5 million shares come from, considering that according to Aron, only 43 million shares were left on April 14<sup>th</sup>, 2021, and they were all sold by May 13<sup>th</sup>, 2021?

212. “On June 3<sup>rd</sup>, 2021, AMC filed a preliminary proxy statement with the SEC, revealing the intent to seek approval for a modified version of the Rejected Proposal, this time contemplating a smaller increase in the number of Common Stock shares authorized by the Certificate by 25,000,000 shares to a total of 549,173,073 shares, effective January 1<sup>st</sup>, 2022. The AMC Board told stockholders that AMC was running out of Common Stock shares: As of the close of business on June 2<sup>nd</sup>, 2021, the latest practicable date before the filing of this proxy statement, there were 501,780,240 shares of [AMC] Common Stock issued and outstanding and 10,796,709 shares of Common Stock reserved for issuance under the EIP.”<sup>70</sup>

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<sup>68</sup> <https://www.sec.gov/Archives/edgar/data/1411579/000104746921001164/a2243278zprer14a.htm>

<sup>69</sup> [https://www.sec.gov/Archives/edgar/data/1411579/000110465921076091/tm2118373d2\\_8k.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921076091/tm2118373d2_8k.htm)

<sup>70</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 72

213. On June 3<sup>rd</sup>, 2021, AMC only had 46,124 remaining shares of Class A Common stock available for issuance.

214. That evening, Aron gave another interview with Trey, aiming to clarify the source of the 20 million shares just recently sold, including the 8.5 million shares sold to Mudrick Capital, and the 11.5 million ATM initiated that morning. Five minutes into the interview Trey asks,

**Trey:** Now, this has just raised some concerns for a lot of the investors. Now, the first interview here, we talked about how AMC had 46-ish thousand shares total remaining after they'd issued those 43 million shares offering into the market, and raise a great sum of cash. So there's a sentiment right now, passing along with the retail investor group, the apes, that they feel a little bit betrayed. They feel like the management was hiding something that was behind closed doors and we just didn't get to see it. Now, there's probably some sort of explanation for this, and I'd love to hear what you have to say, but where'd these shares come from for this 11.5 million shares that you sold into the market for Mudrick Capital for those 8.5 million shares? And are there any shares remaining that we should expect for the future so that we can make better investment decisions for ourselves?

**Aron:** Sure thing, and Trey, that's one of the reasons I came on with you today is to make sure that we get the straight scoop out in front of all of the people who are shareholders of our company. Back when we said that we had 43 million shares available for sale, you will also recall that it was before the May 4 shareholder meeting that was postponed. One of the items that was up for shareholder vote at the May 4 meeting was to put 20 million AMC shares into what's called the Management Equity Incentive Plan. Those shares would be essentially given to the management of the company, and given, I might add, for free to the management of the company.

**Trey:** Right.

**Aron:** The management team of the company cares so much about the company that we decided that rather than us taking those 20 million shares and those 20 million shares working for the benefit of officers of AMC, that we ought to use those shares a different way. We ought to use those shares to strengthen the company, the company that all of your followers are invested in. And so if you look at a press release that we put out just about an hour ago with a new proxy for the new July 29 shareholder meeting, you will see that there are zero shares being allocated to the management of the company. Those 20 million shares that were



going to go into my pocket and the pockets of other managers and executives of the company, we decided instead that they should be used for the company's benefit, not for our personal benefit. If you look at the proxy that went out a few minutes ago, we are not making any requests of the shareholders to put any shares in the Management Equity Incentive Plan. That, essentially, those 20 million shares that were going to go to us, personally, for our own money, but that freed those 20 million shares up, and we sold those 20 million shares, eight and a half million earlier over the last week to Mudrick and, eleven and a half million today. Between those two transactions, we raised over \$800 million of cash, not to line my pocket or anybody who works at AMC, but to put that money in the treasury of AMC to strengthen AMC, let AMC do more good things to grow our company. That's where the 20 million shares came from. We all know what we did with them. We put them into the market. We brought in over \$800 million doing so, and that makes AMC a much stronger company, much easier for us to grow going forward. I think that's in the best interest of our shareholders.”<sup>71</sup>

215. Additionally, during the interview Aron persisted in his efforts to persuade retail investors to approve a charter amendment that would increase the authorized number of shares of common stock AMC could issue.

“I want to make sure everybody knows that we can’t do any more shares unless the shareholders approve. And that’s just it, those are straight facts. And I’m going to make the case, probably later in this call in response to one of your questions, that the shareholders should authorize more shares, because this could be a very valuable tool to build this company going forward and grow this company going forward.”<sup>72</sup>

216. During that same interview, Aron also addressed stockholder concerns about a potential stock split:

“Beyond that, I guess the only other thing to say about the share count issue is: somebody out there in the world of Reddit and Twitter was trying to speculate that AMC was either going to split our stock or do a reverse split of our stock. And they were breathlessly reporting this, as if they knew this to be true. Well, guess what, I can tell you that I’ve never given

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<sup>71</sup> Adam Aron Interview - Pt. 2. Youtube Video Hosted by Trey’s Trades (Trey Collins). June 3<sup>rd</sup>, 2021. Link: <https://www.youtube.com/watch?v=Z-EkPZMIAeM>

Link to Transcript Filed with SEC:

[https://www.sec.gov/Archives/edgar/data/1411579/000110465921077117/tm2117897d7\\_defa14a.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921077117/tm2117897d7_defa14a.htm)

<sup>72</sup> Adam Aron Interview - Pt. 2. Youtube Video Hosted by Trey’s Trades (Trey Collins). June 3<sup>rd</sup>, 2021. Link: <https://www.youtube.com/watch?v=Z-EkPZMIAeM>

Link to Transcript Filed with SEC:

[https://www.sec.gov/Archives/edgar/data/1411579/000110465921077117/tm2117897d7\\_defa14a.htm](https://www.sec.gov/Archives/edgar/data/1411579/000110465921077117/tm2117897d7_defa14a.htm)

any serious thought to splitting our stock or a reverse split of our stock. That's point number one. Point number two, we have absolutely no plans to split our stock or do a reverse split of our stock. You want to hear your point number three? We can't split our stock or do a reverse split of our stock without shareholder approval. So if we wanted to do that, and we don't, but if we wanted to do that, we would have to go out to the shareholders for a vote.”<sup>73</sup>

217. Also during the interview, Aron declared that he hasn't sold a single share of AMC in the five and a half years since becoming the CEO. Additionally, Aron expressed no concerns about the company's debt.

**Aron:** Remember this, I am an AMC shareholder. I've run AMC now for five and a half years. Other than when I gifted some shares to my two adult sons, **I have not sold one AMC share in five and a half years, and I have no current intentions to sell AMC shares at the moment.** I'm a believer. I believe that we can grow our company, strengthen our company, build our company. And that's what our entire management team is focused on. And again, disconnecting this from the share price of the moment, over the long-term my job is to build a stronger AMC, and that's what I'm committed to doing.

218. Finally, during the June 3<sup>rd</sup>, 2021 interview, it appears that Aron lost his pants. As Aron lost control of his web camera, the screen briefly flashes below his light blue shirt and red tie to reveal either a really short pair of short shorts, or a skin-colored pair of pants, or no pants at all. Aron recovered the camera and continued his hour-long interview about the company and, among other things... naked shorts.

219. On June 9<sup>th</sup>, 2021, at 4:25 pm EST, Aron tweeted out to AMC stockholders, giving them notice that,

**“As of June 2, AMC had 501,780,240 total outstanding shares. AMC's number of shareholders in the U.S. and abroad has increased to about 4.1 million, and you own more than 80% of AMC. While some own more**

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<sup>73</sup> Adam Aron Interview - Pt. 2. Youtube Video Hosted by Trey's Trades (Trey Collins). June 3<sup>rd</sup>, 2021. Link: <https://www.youtube.com/watch?v=Z-EkPZMIAeM>



and some own less, the **average stockholding for AMC is about 120 shares.**<sup>74,75</sup>

220. Aron's representation on June 9<sup>th</sup>, 2021, asserting an increase in AMC's number of stockholders in the U.S. and abroad has increased to about 4.1 million and the average stock holding is approximately 120 shares, has not been substantiated or supported with evidence at any point.

221. On June 23<sup>rd</sup>, 2021, Aron continued his quest to convince shareholders to approve the Second Charter Amendment Proposal on Twitter:

“Some of you fear dilution, but may be neglecting that equity raising is a powerful tool to strengthen a company and help shareholders. AMC said 5 times in Jan, May and June 2021 that we diluted shares, but as a result raised \$2.5 billion. AMC is so much stronger because we did. AMC's Board and Management believe you should VOTE YES to authorize 25 million new shares. Remember, they cannot be issued before January of 2022, more than six months from now. See our Proxy materials for more complete information and essential disclaimers.”

222. On June 30<sup>th</sup>, 2021, there were 513,330,240 AMC shares of common stock issued and outstanding.<sup>76</sup>

223. Aron's efforts to get retail investors to support his proposals failed. On July 6<sup>th</sup>, 2021, AMC announced that it would no longer seek stockholder approval of the Second Charter Amendment Proposal and withdrew it from the agenda for the 2021 Annual Meeting before final votes were tallied or confirmed (so it is not confirmed whether or not stockholders would have supported the 25 million share authorization). Aron thereafter issued a series of tweets on the withdrawal:

“It's no secret I think shareholders should authorize 25 million more AMC shares. But what YOU think is important to us. Many yes, many no. AMC does not want to proceed with such a split. So, we're canceling the July vote on more shares. And no more such requests in 2021. Of course, voting

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<sup>74</sup> CEO Adam Aron on X (formerly called twitter). June 9<sup>th</sup>, 2021. X.com

Link: <https://twitter.com/CEOAdam/status/1402723600398946306>

<sup>75</sup> This statement made by CEO Aron was also posted on AMC's website. Reference: AMC Entertainment Holdings, Inc. Announces Shareholder Count. Press Release. June 9, 2021. Link: <https://investor.amctheatres.com/newsroom/news-details/2021/AMC-Entertainment-Holdings-Inc.-Announces-Shareholder-Count/default.aspx>

<sup>76</sup> AMC's 10Q reported on August 9<sup>th</sup>, 2021

on the other 4 issues requiring approval at the July 29 annual AMC shareholder meeting will continue on schedule. But proposal 1 is hereby officially tabled. There will be no voting before 2022 on more shares.”<sup>77</sup>

224. While retail stockholders did not want AMC to issue new shares into the market, they were more than open and positive about helping AMC with its cash and debt issues. In a remarkable display of support, stockholders encouraged each other via social media to visit AMC movie theaters and continue spending their money on movie tickets, concessions, and other offerings. They even went beyond that by making merchandise offers directly to the AMC Board and eagerly purchased as much merchandise as they could when such opportunities were presented by AMC.
225. Furthermore, retail stockholders came up with innovative ideas to aid AMC's financial situation. One notable suggestion was the potential sale of non-fungible tokens (“NFTs”) by AMC to raise additional funds. Although AMC utilized this suggestion to connect with ticket sales, **it was not employed to boost revenue.**
226. Putting aside AMC Board’s preference to use new equity issuances to affect the Company’s balance sheet, Aron and other senior executives had another reason to increase the authorized share float: executive compensation plans.
227. Despite AMC’s struggles during the pandemic, Aron was a richly compensated CEO, receiving \$9,671,799 in pay for 2019, \$20,926,785 for 2020 – an increase of astounding 116% , and \$18,909,546 for 2021. Notably, about 66% of Aron’s compensation package until then came in the form of equity grants consisting of or backed by common stock. The excessive executive compensation, inequitable enrichment amidst the worst financial decline in the company’s 100-year history, as well as the absurd executive compensation structure, and an astounding discrepancy in CEO compensation compared to other businesses expose present fiduciary transgressions, constituting a betrayal of the very principles upon which stockholder trust is built.

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<sup>77</sup> CEO Adam Aron on X (formerly called twitter). July 6, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1412376829688680453>



YEARLY SALARY OF ADAM MARON, CEO OF AMC ENTERTAINMENT INC										
Year	Base Pay	Year over Year (YOY) change in %	Bonus + Non-Equity Incentive Comp	YOY change in %	Stock Award Value	YOY change in %	Total Other	YOY change in %	Total compensation	YOY change in %
2022	\$ 1,500,000	3%	\$6,000,000,00	0%	\$ 16,194,055,00	42%	\$ 22,106,00	3%	\$23,716,161,00	25%
2021	\$ 1,451,923,00	31%	\$6,000,000,00	20%	\$ 11,436,117,00	-23%	\$ 21,506,00	1%	\$ 18,909,546,00	-10%
2020	\$ 1,106,491,00	-11%	\$5,000,000,00	160%	\$ 14,798,988,00	128%	\$ 21,306,00	30%	\$20,926,785,00	116%
2019	\$ 1,250,000,00	14%	\$1,925,000,00	-33%	\$ 6,480,451,00	18%	\$ 16,348,00	1%	\$ 9,671,799,00	2%
2018	\$ 1,100,000,00	0%	\$2,882,000,00	297%	\$ 5,472,054,00	-2%	\$ 16,148,00	1%	\$ 9,470,202,00	27%
2017	\$ 1,100,000,00	11%	\$ 726,000,00	-87%	\$ 5,605,208,00	31%	\$ 15,948,00	4%	\$ 7,447,156,00	-32%
2016	\$ 991,200,00	baseline	\$5,644,250,00	baseline	\$ 4,281,202,00	baseline	\$ 15,352,00	baseline	\$ 10,932,004,00	baseline

228. That the executives being richly rewarded while AMC was grappling with the challenges posed by COVID-19 did not escape the notice of the stockholders, and understandably, they were not pleased

229. On July 21<sup>st</sup>, 2021, AMC named Aron as chairman taking on the new responsibilities in the wake of the resignation of Wanda executives Lin Zhang and Mao Jun (John) Zeng. With Aron serving as both chairman and CEO, AMC named Philip Lader the company's lead independent director.

230. Following the 2021 Annual Meeting, on July 30<sup>th</sup>, 2021, Aron once again acknowledged that AMC's stockholders did not want to increase the number of authorized shares of common stock that AMC could issue:

"Thanks to all who voted at our shareholder meeting yesterday. Your voice is important and your enthusiasm appreciated. All resolutions were approved. As indicated previously, we rescinded the request to authorize more shares. You were not ready for this, and we listened to you."<sup>78</sup>

231. On July 31<sup>st</sup>, 2021, at 10:48 pm EST, Aron tweeted out important information to AMC stockholders. In the tweet, Aron announced that AMC plans to utilize Say Technologies' software during its next quarterly earnings call.

"August 9 is our next quarterly earnings call. Will be webcast so you can listen. For the first time ever, we will take questions from individual investors on the call. Here's the link:

<sup>78</sup> CEO Adam Aron on X (formerly called twitter). Jul 30<sup>th</sup>, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1421129757526274050>

<https://app.saytechnologies.com/amc-2021-q2/> Really smart questions in so far, and fascinating (sic) suggestions too.”<sup>79</sup>

232. On August 9<sup>th</sup>, 2021, AMC conducted its Q2 2021 Earnings Q&A call. During this event, AMC had a total of 513,330,240 authorized outstanding shares.<sup>80</sup>
233. In the lead-up to that call, Say Technologies provided an avenue for individual AMC stockholders to submit questions to Aron via their website. Through this platform, stockholders could log the shares of AMC they owned by validating their brokerage account number and the quantity of AMC shares they held with Say Technologies' website.
234. Once verified, users on the Say Technologies website received a digital certificate specifying the number of shares they owned. With this certificate, stockholders gained access to a platform where they could submit questions or vote on potential questions for the AMC Q2 2021 Earnings Q&A call.
235. The Say Technologies website publicly displayed the number of investors registered for the August 9<sup>th</sup>, 2021 call, as well as the total number of shares represented on the site. A total of 70,300 participants, which accounted for approximately 1.76% of the 4 million stockholders, signed up on the site. In addition, 71.6 million shares, constituting around 13.95% of the total float, were represented for the call. According to the Say Technologies data, each participating investor owned approximately 1,018 shares on average.
236. The contrast between the actual average shareholding revealed by the Say Technologies vote and the average shareholding announced by Aron on June 9<sup>th</sup>, 2021, is indeed striking. According to the Say Technologies data, each participating investor owned approximately 1,018 shares on average. This figure stands in stark contrast to Aron's June 2021 statement of 120 shares per investor (total of 4.1 million) representation, a difference of roughly 8.5 times.
237. The vote conducted by Say Technologies with 70,300 participants far exceeds the typical sample sizes targeted in many studies, which generally aim for a range of 500 to 2,000 participants.<sup>81</sup> With such a large sample size, the results of the vote provide substantial evidence that AMC stock has been overshot on the market, exceeding the actual share float multiple times over.

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<sup>79</sup> CEO Adam Aron on X (formerly called twitter). Jul 31<sup>st</sup>, 2021. X.com Link: <https://twitter.com/CEOAdam/status/1421664076804022275>

<sup>80</sup> <https://investor.amctheatres.com/sec-filings/all-sec-filings/content/0001558370-21-011004/amc-20210630x10q.htm>

<sup>81</sup> “Determining Sample Size: How Many Survey Participants Do You Need?” Cloud Research. 2015-2023. Link: <https://www.cloudresearch.com/resources/guides/statistical-significance/determine-sample-size/>



238. Two months after stating to AMC stockholders, "I have no current intentions to sell AMC shares at the moment. I'm a believer," during the August 9<sup>th</sup>, 2021 AMC earnings call, Aron made the following statement:

"At the same time as I am emphasizing share ownership, I'd like to remind you that I have not sold one share of AMC stock in the five full years I've been running this company even though it represents more than three-fifths of my annual -- when I say it, when stock represents more than three-fifths of my total annual compensation. Other than gifting a small percentage of my AMC ownership stake to my two adult children earlier this year, I also did not sell any AMC shares in March when I could have. I did not sell any AMC shares in June when I could have in 2021. I similarly will commit that I do not intend to sell any AMC shares in September of 2021 when I'm legally permitted to do so. But as much as this pains me to admit, in September, I'll be celebrating my 67<sup>th</sup> birthday. I'm going to be a young, vibrant 67, but hey, it's 67 nonetheless. Two months ago, more than 85% of my net worth was in AMC stock, and proper estate planning for a 67 year old suggests I should diversify my assets a bit. But I don't want any of you ever to think that I have anything but full confidence in AMC's future. So I will do so under the auspices of the parameters of what is called a 10b5-1 plan, where I pass off all the share trading control of the shares that I own or I'm granted to an independent third-party bank based on parameters of the plan that I only partially set. The plan would not go into effect until toward year end at the earliest, and only a small percentage of my owned or granted shares could get sold in any one month. And that would then be repeated over a period of at least several months. This way, I really have passed on the decision-making to someone else on this important topic. Additionally, whatever is sold or not sold by an independent third party, I still will have millions of AMC shares that either are owned by me personally or have been previously granted to me personally. My economic incentives are very much aligned with yours: to increase shareholder value for all the owners of AMC. What's more, I so fully believe in transparency that I'm letting you all know this well in advance even though current U.S. law does not require me to make this or even any public disclosure now at this time or at any time soon prior to any shares actually being sold."<sup>82</sup>

239. Following the AMC earnings call and despite the evidence from the Say Technologies website, Aron and the AMC Board did not take any immediate action to initiate an investigation into the actual amount of AMC shares out in circulation.

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<sup>82</sup> <https://www.fool.com/earnings/call-transcripts/2021/08/10/amc-entertainment-holdings-amc-q2-2021-earnings-ca/>

240. After the earning call at 6:55 pm EST, Aron tweeted out the following message to AMC stockholders,

“Thanks to money raised in May and June, AMC ended the June 30, 2021 quarter with MORE THAN \$2 BILLION OF LIQUIDITY (cash in the bank or undrawn revolving credit line). Right around DOUBLE the highest quarter ending liquidity level AMC has ever had before in our 101 year history!”<sup>83</sup>

241. Subsequent to the August 9<sup>th</sup>, 2021 earnings call, numerous AMC stockholders took to public platforms to express their intention to sign up for the Say Technologies platform. Their objective was to log their shares and participate in determining the true number of AMC shares in circulation.

242. Oddly, the following day, on August 10<sup>th</sup>, 2021, Robinhood made a significant move by acquiring Say Technologies in a \$140 million all-cash deal. This acquisition marks a significant move for Robinhood, particularly as it comes shortly after the company's public listing on July 29<sup>th</sup>, 2021.<sup>84</sup>

243. On August 11<sup>th</sup>, 2021, Trey conducted his third interview with Aron.<sup>85</sup> Approximately 10 minutes into the interview, Trey recaps the August 9<sup>th</sup>, 2021 earnings call and the use of Say Technologies and asks Aron about Robinhood purchasing Say Technologies the day after the earnings call. In response, Aron stated,

“I never heard of Say Technologies, 60 or 75 days ago. Someone explained to us their capabilities and we would be able to take questions from individual shareholders on our earnings call. And that sounded like a great idea to us. We’ve certainly never done it before. I don’t know any other company, well I guess maybe they have other customers, so maybe somebody has done it before. But I certainly haven’t heard about companies taking questions from individual investors. **But you know, there is a difference between AMC and all these other companies - as I have said over and over again since April. The individual investor now owns AMC. You know it’s more than 80% of our shareholder base. As 80% of our shares are owned by millions of our investors.** So of course we should take questions from our investors and Say Technologies has an interesting feature - you know - upvoting questions - so we could see how many interest there was in each question. We actually asked...My CFO asked on your behalf, Sean read the

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<sup>83</sup> CEO Adam Aron on X (formerly called twitter). August 9<sup>th</sup>, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1424866943232888838>

<sup>84</sup> <https://newsroom.aboutrobinhood.com/say-technologies-is-joining-robinhood/>

<sup>85</sup> The Rise of AMC - Adam Aron Interview Ep. III - YouTube Video by Trey’s Trades. August 11, 2021. Link: <https://www.youtube.com/watch?v=z97Kw-809IM>



questions... We read every single one of a dozen most popular questions that were on the minds of our shareholders who participated in this thing. So that is why we did it. We did it because individual investors own AMC now and in a public forum like that - we all thought it was a great idea to be able to talk directly to our individual investors and hear from our individual investors. I'm going to come back to the second half of your question in a second - but it is really important for us to have a dialogue with the company's owners. You know that in addition to this questions we took on the earnings call this last Monday, in late June, we announced AMC Investor Connect....My tweets have been read over 70 million times. I am following about 2,000 people, most of whom are investors in AMC.....No one is writing those tweets for me, I'm writing them myself...[around the 20 minute mark]...Now the second part of your question was what do I think about Robinhood and its announcement that they are buying Say Technologies. We honestly had no knowledge of that until it was announced. Was it Tuesday that they announced it? I will say we were quite shocked to have learned of that. If you had asked until the Robinhood announcement, what I had thought of the Say Technologies experiment...I would say it was great, it was wonderful that we got questions from our shareholders, that there was a way to determine which questions had the most interest amongst our shareholders and that we could answer them, but so that we could verify that those were real shareholders asking the questions - there was some disclosure that you had to...who your brokerage firm was and how many shares you owned. **Honestly, I just don't think it was appropriate for us to ask our shareholders to tell Robinhood what brokerage firm they are doing business with and how many shares they owned. So unless we can get some absolute ironclad assurance that there is some enormous wall between the information that Say Technologies gets and what Robinhood gets - I can't see us doing it again. I can see us answering questions from our shareholders again, but I can't see us using the Say Technologies platform if there is any fear that it will be compromised.**"<sup>86</sup>

244. On September 8<sup>th</sup>, 2021, AMC announced the launch of its first-ever \$25 million multi-media ad campaign titled "AMC Theatres. We Make Movies Better". This extravagant global advertising crusade aimed at enticing patrons and emphasizing the irreplaceable allure of theatrical experiences worldwide. Anchored by a television spot featuring Academy Award laureate Nicole Kidman, helmed by two-time Oscar nominee Jeff Cronenweth and Tim Cronenweth, and scripted by Academy Award-nominated wordsmith Billy Ray, the campaign sought to imprint the communal, multi-sensory essence that is unique to the cinematic realm.

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<sup>86</sup> The Rise of AMC - Adam Aron Interview Ep. III - Youtube Video by Trey's Trades. August 11, 2021. Link: <https://www.youtube.com/watch?v=z97Kw-809IM>

245. Yet, against the backdrop of a world still grappling with the COVID-19 scourge, this endeavor was met with a resounding chorus of disapproval. Many, taking to Twitter, voiced their discontent, branding the campaign as strikingly out of touch. The public's ire centered on its fantastical portrayal of theaters and its glaring omission of any substantive plan to address crucial issues like social distancing. @heatherfink aptly quipped, "You spent 25 million & chose not to address the Covid concern keeping people home."<sup>87</sup>

246. On September 9<sup>th</sup>, 2021, Aron sat down with CNBC's Melissa Lee to discuss the "Ape movement" and what the future holds for the movie theater chain. Eleven minutes and twelve seconds into the interview Melissa Lee asked Aron, "Did the retail investors save AMC?"

**Adam Aron:** "Initially the retail investors did not save AMC because we had saved AMC first by raising a lot of money. **We raised many billions of dollars, three or four by January 25 of 2021, and that's what initially saved AMC.** But then the retail investors arrived in huge numbers, and yes, they saved AMC. And that's when they saved AMC because, after we raised all the money that **got us through the initial bankruptcy threat, we had some real money in the bank.** But that was January of 2021, and I'm filming this in September of 2021. **We're still dealing with this pandemic, and because of the retail investors, we raised another \$1.25 billion in May and June of 2021.** And that last billion dollars is what really will, **I think, will guarantee that we survive this pandemic,** with the reality, of course, that there are no guarantees in life and no one really has a crystal ball. So I assume that the country and the world, because of vaccination, will make great progress as we look at 2022, 2023, and 2024, but of course, nothing is certain. But that last billion and a quarter that we raised, that more than doubled the cash that we had available to us. That allowed us to finish the second quarter of 2021, with \$2 billion of cash in the bank or undrawn revolving credit line. It turns out that \$2 billion figure is more money than AMC has had a quarter end in the entire 101 year history"

247. Fifty-one minutes into the interview, Melissa Lee asked Aron directly, "doing a reverse stock split and then issuing more shares, if that is on the table",

**Adam Aron:** "**That's not on the table.** And my understanding the law is if we did a reverse stock split that would also contract the number of shares we are allowed to issue. So it's not like if you did a reverse stock split, all of a sudden, you'd have hundreds of millions of shares you could sell. But given

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<sup>87</sup> McGuire, Keegan. "Nicole Kidman's \$25 Million AMC Commercial Has The Internet Furious". Looper. Sept. 8<sup>th</sup>, 2021. Link: <https://www.looper.com/598876/nicole-kidmans-25-million-amc-commercial-has-the-internet-furious/>



where our stock is trading at the moment, I don't think a reverse stock split would make sense under any circumstances.”<sup>88</sup>

248. At the time of Melissa Lee's interview, AMC had only 46,124 Common A shares available for sale. However, Melissa Lee's question focused on the possibility of AMC doing a reverse split, which at the time would not have increased the number of shares available; rather, it would have reduced the remaining shares available for potential sale. The only way AMC could sell more shares post a reverse split would be if they introduced a new share structure (such as APE which was introduced to shareholders in August 2022, but had not been mentioned at this time). Given that AMC's stock was trading between \$30 and \$50 in September 2021, concerns about delisting would not have been a valid reason for considering a reverse split at that time. The timing of Melissa Lee's mention of a reverse split does seem suspicious. It's notable that this isn't the first instance of Aron discussing a reverse split in interviews, as he previously mentioned it during an interview with Trey. This repeated mention is curious, especially considering the lack of a logical rationale for implementing a reverse split at this time, given AMC's stock performance.

249. Melissa Lee's Interview with Aron was posted to CNBC's YouTube page on December 10<sup>th</sup>, 2021. The delayed publication of the standard interview between Melissa Lee and Aron, three months after its occurrence, is indeed unusual. Typically, interviews are posted promptly after they take place, especially if they're not broadcasted live.

### **Project Popcorn Memorialized - November 2021**

250. Having failed twice to secure approval to increase AMC's authorized shares, Aron and the AMC Board ensured that it would not strike out, regardless of what its stockholders wanted. Instead of valuing and listening to the concerns and wishes of the common stockholders regarding equity dilution, Aron and the AMC Board began to work with the Project Popcorn Defendants, on a “novel”<sup>89</sup>, but ultimately a nefarious scheme to circumvent the wishes of the very investors to whom they owed a duty of loyalty to dramatically reduce the voting influence of the company's existing stockholders so that it could force through the sought-after increase in the authorized share float.

251. As 2021 drew to a close, AMC remained unable to raise capital by selling AMC common shares, while the company's debt issues persisted. Despite having \$1.592 billion in cash and

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<sup>88</sup> Source: CNBC Interview Melissa Lee with Adam Aron. Interview held in September 2021. Video Posted on December 10<sup>th</sup>, 2021. Link: [https://www.youtube.com/watch?v=P5p85x13\\_KM&t=3132s](https://www.youtube.com/watch?v=P5p85x13_KM&t=3132s)

<sup>89</sup> Novel as it was **never** implemented on the NYSE but was implemented on Nasdaq – See below Jon Merriman's May 27<sup>th</sup>, 2022 email

cash equivalents as of December 31<sup>st</sup>, 2021, Aron continuously refused to entertain offers from AMC stockholders, who were willing to donate money (or support new business ventures) to address the debt, opting against dilution.

AMC ENTER- TAINMENT INC	Net earnings	Total revenues	Cash and cash equivalents	Corporate borrowings
2022	\$-973.600.000	\$3.911.400.000	\$631.500.000	\$5.140.800.000
2021	\$-1.269.800.000	\$2.527.900.000	\$1.592.500.000	\$5.428.000.000
2020	\$-4.589.400.000	\$1.242.400.000	\$308.300.000	\$5.715.800.000
2019	\$-149.100.000	\$5.471.000.000	\$265.000.000	\$4.753.400.000
2018	\$110.100.000	\$5.460.800.000	\$313.300.000	\$4.723.000.000
2017	\$-487.200.000	\$5.079.200.000	\$310.000.000	\$4.235.300.000
2016	\$111.667.000	\$3.235.900.000	\$207.100.000	\$3.761.000.000
2015	\$103.856.000	\$2.946.900.000	\$211.250.000	\$1.934.561.000
<b>Total Performance</b>	<b>\$-7.247.333.000</b>	<b>\$26.928.600.000</b>		

252. Sometime before November 2021, Derek Van Zandt began work on the scheme of the century - "Project Popcorn".
253. Project Popcorn was initially conceived and presented to the AMC Board as a shareholder rights offering through a "preferred share structure".
254. A rights offering allows AMC to offer the "preferred share structure" to only existing shareholders. By exercising their rights in full, each AMC common stockholder can retain their proportionate ownership (i.e. avoid dilution) while the company raises money.
255. During the month of November 2021, while Project Popcorn was being implemented, AMC's daily trading range varied between a high of \$45.95 and a low of \$35.39, while the market capitalization fluctuated within the range of \$23.7 billion to \$17.75 billion.
256. In November 2021, Derek Van Zandt and his team at Citigroup Global Markets Inc. created a PowerPoint presentation titled - "**Project Popcorn: Follow-Up Items**". One of the slides in the presentation included fourteen questions.<sup>90</sup> Some key questions that stand out are:

<sup>90</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 36 pages 918-919



- **“What will be the UoP (use of proceeds) and narrative for investors on why AMC is accessing the markets now?”**<sup>91</sup>
- “How will index funds manage their rights?”
- Any issues with foreign shareholders?

257. Derek Van Zandt's inquiry into what will be the narrative that the AMC Board will present to investors regarding why AMC is accessing the markets now, especially considering that AMC had over \$1.6 billion in cash reserves at the time, raises suspicion. Why doesn't AMC's own banker not know what the use of proceeds will be? Why is AMC and its banker even contemplating a narrative instead of disclosing the truth? The real reason is that Project Popcorn was being launched, and they needed to ensure their story was consistent in case they were questioned by investors.

258. On November 10<sup>th</sup>, 2021, at 4:31 pm EST, Aron tweeted out the following message to AMC shareholders,

**“62.5% of my annual pay is AMC stock, not cash. I hadn't sold even 1 AMC share in 6 years. I publicly said months ago and again Monday, now at age 67, it's prudent to diversify assets for estate planning. I STILL HAVE WELL OVER 2 MILLION OWNED/GRANTED AMC SHARES. I believe in AMC.”**<sup>92</sup>

#### **Insider Selling - Months of November 2021 – January 2022**

259. A detailed analysis of the volume and timing of AMC insider stock transactions reveals a compelling narrative. It becomes apparent that, with the implementation and launch of "Project Popcorn", designed to flood the market with an unprecedented number of APE units that can then convert to AMC common shares, the majority of the AMC Board promptly executed the sale of their awarded stock bonuses to front-run Project Popcorn. This evidence strongly suggests that the fiduciaries engaged in stock trading based on non-public insider information, directly conflicting with the interests of their shareholders. This serves as a stark indictment of the board's apparent lack of dedication to the company's well-being.

260. The apparent lack of insider purchases in AMC during this crucial period raises significant doubts about their commitment to the company's prosperity. The recurrent pattern of insider conduct, marked by aggressive selling of personal AMC common shares from November 2021

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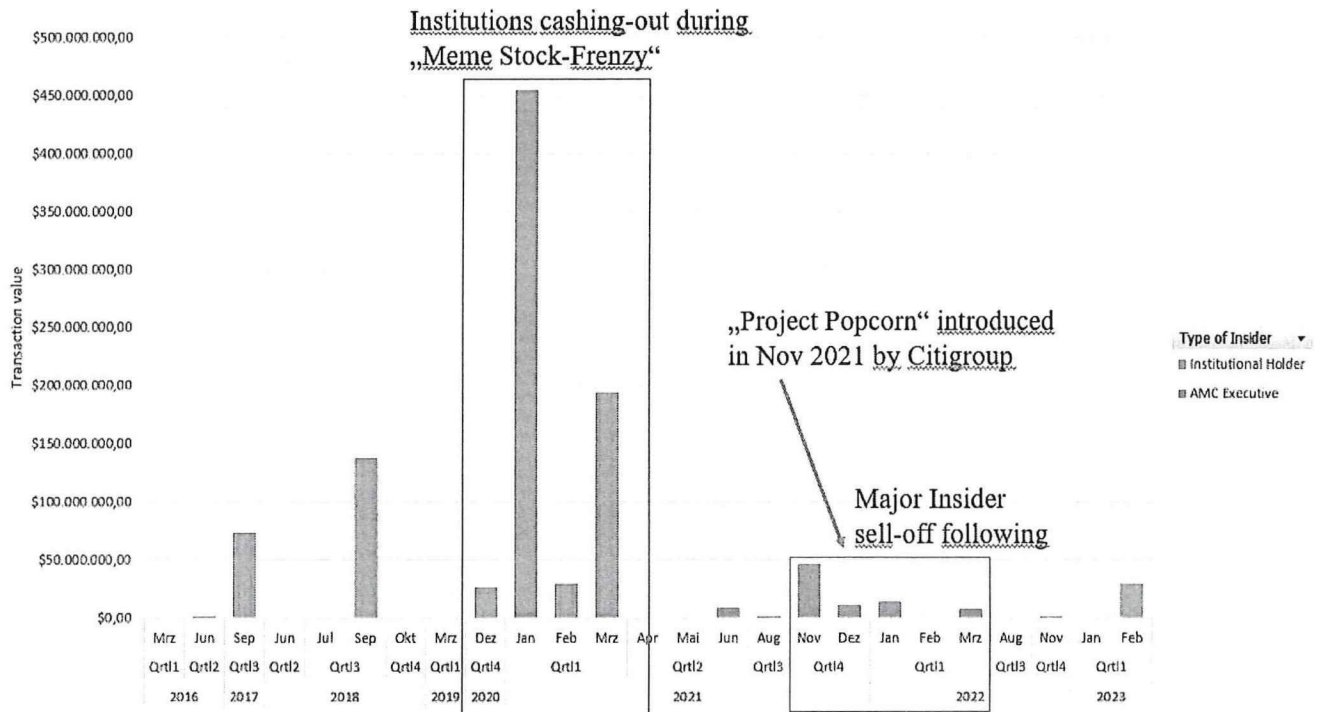
<sup>91</sup> AMC had approximately 1.6 Billion in cash at the time of the presentation

<sup>92</sup> CEO Adam Aron on X (formerly called twitter). November 10<sup>th</sup>, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1458547884572430337>

during the launch of Project Popcorn and continuing into March 2022, has resulted in a staggering erosion of shareholder value, exceeding an astronomical \$1 billion. This ongoing trend of insider selling, especially during a strategic initiative like Project Popcorn, poses considerable concerns about the alignment of the executive management team with the interests of AMC shareholders.

- a. **Adam M Aron**, CEO, sold 85.9% between November 2021 - January 12, 2022 (sold 1,250,000 shares keeping only 205,086).
- b. **Sean Goodman**, CFO, sold 100% on November 12<sup>th</sup>, 2021. Then received a grant and sold all of it by December 9<sup>th</sup>, 2021.
- c. **Elizabeth Frank**, EVP, kept only 126 shares by December 29<sup>th</sup>, 2021. Sold 361,472 shares by March, 2022.
- d. **Stephen Colabero**, EVP, sold 100% by March 11<sup>th</sup>, 2022, starting from November 2021.
- e. **Kevin Connor**, EVP, kept only 1 (one) share by December 29<sup>th</sup>, 2021. He sold 254,513 shares in total.

261. These revelations underscore the criminal actions of insider trading against their shareholders and priorities of the board members, leaving their fiduciary duties and allegiance to the company and its shareholders in serious question.



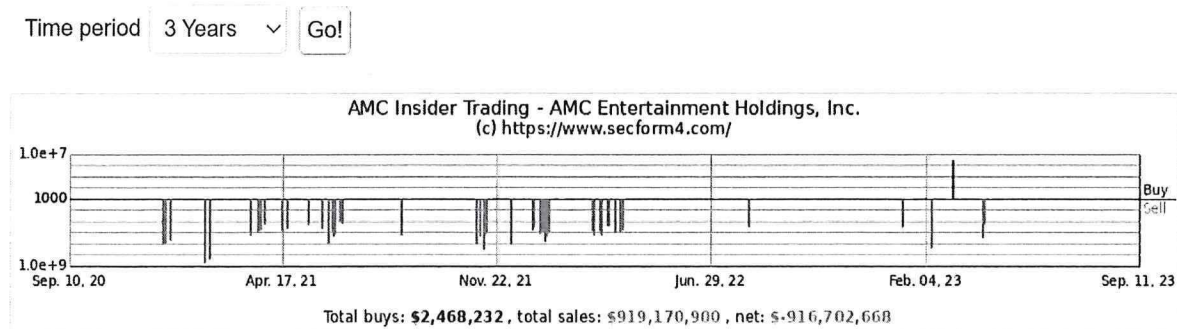


262. The regulation of insider trading falls under the purview of the SEC, governed by Rule 10b-5 of the Securities Exchange Act of 1934. This critical rule expressly prohibits individuals with access to non-public, material information of a publicly traded company from engaging in securities trading based on that information. Additionally, it prohibits them from disclosing such information to others (non-public) who may then act upon it. The prohibition of insider trading is grounded in its potential to erode the fairness and integrity of the securities markets, while conferring an unjust advantage to individuals over other investors.

263. The trading data at hand serves as compelling evidence that the company's fiduciaries were actively involved in insider trading, as it aligns with the requisite elements and causation:

- a. Material Non-Public Information: Specifically, the details surrounding "Project Popcorn" and the significant dilutive effect on AMC common shareholders;
- b. Breach of Fiduciary Duty or Duty of Trust or Confidence: This is manifest in the manipulation of a shareholder vote, crucial for necessary charter amendments;
- c. Trading: The board members' actions of divesting their own stock have been consistently observed since the initiation of "Project Popcorn.";
- d. Intent: The series of deliberate actions taken, coupled with the clear intention to maximize their own and their associates' gains, while ultimately leading to the dilution of their stockholders' equity, underscores their culpability.

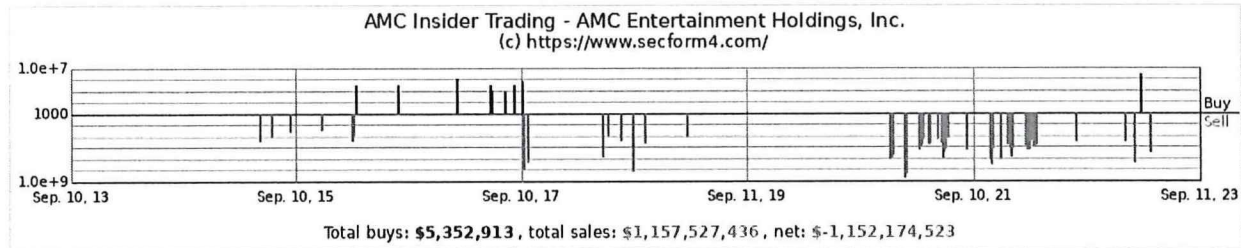
264. During the period spanning from September 2020 to September 2023, company insiders orchestrated the sale of shares amounting to a substantial \$919,170,900.<sup>93</sup> This transactional activity was made possible, and indeed facilitated, by the investment of retail investors who entrusted their life savings to the company, diligently purchasing and holding the stock. This juxtaposition raises legitimate questions about the alignment of interests and the fiduciary responsibility of those entrusted with the management of the company.



<sup>93</sup> Source: <https://www.secform4.com/insider-trading/1411579.htm>

265. It is no coincidence that in comparison of a time span of 10 years, the difference of insider sales within 2020-2023 and 2013-2023 is merely \$238,356,536.

Time period 10 Years



266. It appears that, as early as November 3<sup>rd</sup>, 2021, the AMC Board may have already been deliberating over whether to use preferred stock to force through an increase in the number of shares of Common Stock authorized under the Certificate.<sup>94</sup> One slide from a presentation to the AMC Board provided by Derek Van Zandt:

### Pathway to Recovery

- Raise additional capital (preferred share structure)
- Repay debt
- Refinance / restructure debt

267. This slide does admit of an innocuous reading, *to wit*: a sale of preferred shares in the ordinary course. If the AMC Board had been considering a legitimate path forward, **it did not stick to that path for long.**<sup>95</sup>

268. On November 23<sup>rd</sup>, 2021, Marc Cohodes, a renowned short seller, appeared on the Claman Countdown a program on Fox Business hosted by Liz Claman, to discuss an idea he came up with to offer AMC stockholders.<sup>96</sup> Also on the panel that afternoon was frequent guest Charles Gasparino.

<sup>94</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 86.

<sup>95</sup> The Unredacted Operating Complaint (Munoz and Franchi) for Consolidated C.A. 2023-0215-MTZ (Del. Ch.) case. See paragraph 87.

<sup>96</sup> Interview Marc Cohodes with Liz Claman on Fox Business - Claman Countdown on November 23<sup>rd</sup>, 2021, Source: <https://www.youtube.com/watch?v=UB-TM-4TH74>



**Liz Claman:** We bring in now Marc Cohodes, he is a former short seller who's come up with a unique proposal for AMC investors along with Charlie Gasparino. Mark welcome, Charlie welcome.

**Charles Gasparino:** Uh thanks for having me. Marc, I want to say this I've never received so many comments like don't have this dude on your, on your show and I will say this, I hate cancel culture and I think what you're saying is an important piece to this AMC puzzle, so I'm just going to hand it to you pal, tell me what you're proposing.

**Marc Cohodes:** First of all Charlie and Liz thanks for having me on. Um, really the, the thing that ticked me off and got me started on this was January 28<sup>th</sup> which was when the buy button was pulled for a few stocks out there I thought that was unprecedented, I thought it was wrong, I thought it was illegal, and a lot of people really got screwed in that moment, individuals, Joe six-pack if you will, and my lawyer wrote a letter to the Senate in Congress. I was on numerous podcasts saying, this is just absolutely outrageous and it really bothered me that people did not focus on how bad these individuals were screwed on that day. It was terrible so I sort of let my anger die down a little bit and I filmed a movie in, in Portland a couple months ago and the Mulligan brothers, who are doing a documentary on this, were telling me the stories, these horrific stories of how these people got absolutely destroyed.

**Charles Gasparino:** But then, they basically made some money on it too, though, didn't they, they did okay?

**Marc Cohodes:** Some, some, some people may have made a lot of, people lost, lost life-changing money and I was just outraged by this I was just sickened by it and I said you know the mainstream media has forgotten these people that's...

**Charles Gasparino:** And that's why you joined the Ape movement more or less is that correct?

**Marc Cohodes:** I'm not in any movement, I'm uh I'm a lone wolf, I'm, I have me, myself, and me.

269. Two minutes and fifty-five seconds into the interview, Liz Claman asked Marc Cohodes the following question:

**Liz Claman:** What's your proposal Marc?

**Marc Cohodes:** "Well let me just, let me just finish with this, so this was, this was bothering me, so I've been involved and been an investor in Overstock for more than four years and it was controversial when I bought Overstock, but it's up 10 times and Overstock owns something called tZERO which is an alternative trading system and you can trade something called security tokens on that platform. So my proposal was to come with an NFT, a souped-up NFT, which would be a security token. NFTs are popular these days and a NFT with utility whether it's free popcorn or movie passes or a special golden ticket would be dividended out to AMC holders and I think, one you would provide value to them, two it would be something else and a revolutionary thing for tZERO to trade and I think you would finally and finally clean up the mess and the stock loan mess which is known as Wall Street.

**Charles Gasparino:** Right, right, if there is naked short selling. I just want to unpack this a little bit for the, for the viewers in naked short selling because people would want to get their hands on that NFT. Right the shorts would have to cover and you would know if they're covering or if they're not covering and so it to me that's a fascinating plan. What is, what is Aron, Adam Aron say about it, the CEO have you had any contact with him about this?

**Marc Cohodes:** So a couple of weekends ago, on my way to Spain, I sent Adam Aron some emails, someone, Pachter at Wedbush, who's a pal of mine, introduced me to Adam Aron, and he said here's his email, here's his phone number, I only sent him I think 5 emails back and forth and he said he'd think about it, and then when fire drill, which was last week came, Adam Aron sent me an email and said that he wants me to stand down, he doesn't want me contacting him and that's that. So he doesn't want to hear from me.

**Charles Gasparino:** Does it go away this plan?

**Marc Cohodes:** Well, I think the plan could be used for anybody I mean I think the plan is, I think the plan is a great plan and I think really the plan's a



great idea and the only thing I've taken in the last week is, is abuse personally but no one has said anything negative, no one has said anything about the plan.

**Charles Gasparino:** Well, it's part of, it's part of the game when you're involved with AMC.

**Liz Claman:** Well it is but, but Marc you know putting forth this kind of token is not necessarily illegal but securities laws require that you actually have a legitimate business purpose for it and you've created this record whether it's on Twitter or these podcasts that your business effort is to kill the short sellers that's not a legitimate business focus to launch something like this so aren't you opening up AMC to litigation if you were to pursue this?

**Marc Cohodes:** Well, first of all Liz, what you're saying is 100 percent false. I've never, I've never said that and I never said it was something to squeeze the shorts, I mean I'm a short seller at heart and, and I know the heavy price those people pay, especially when you do it legitimately when you do it non-legitimately and you play around and, and market makers short on downticks and blow the SSR rule you have a problem. My, my main thing with the STO is there's an economic interest involved. I mean hell today Macy's said they want to, they want to NFT balloons from the parade.

**Charles Gasparino:** Yeah everybody is doing it. I agree with you and I think what you said was a secondary outcome could be this sort of short squeeze, the primary outcome is to create value but I need to ask you one quick question before they give me the wrap here. Amid all this stuff and you've immersed yourself in AMC, you're obviously a shareholder in it as well right now. Do you really think that there's market manipulation that Citadel securities is you know doing stuff to screw with the company. As an investigative reporter, I want to believe that because, I want to break that story. I can find no evidence it doesn't, it doesn't make any sense.

**Marc Cohodes:** Charlie I, I have a lot of evidence, I've had a lot of people come to me in the past nine months. I think payment for order flow should be illegal, it's illegal in Canada, Australia, the UK and Citadel is a crafty outfit. They're five times smarter than Goldman ever was and they're and these guys are, are rascals.

**Charles Gasparino:** Well everybody I think said Wall Street's a rascal though that's...

270. On December 9<sup>th</sup>, 2021, at 6:20 am EST, Aron tweeted out the following message to AMC shareholders,

**“NFTs are a superb idea. But not a 1 per share security token NFT dividend, as repeatedly described on Twitter. It is likely illegal, breaches our debt covenants and/or exposes AMC to huge litigation risk. We can’t do it. Beware of concepts that sound easy and too good to be true.”**<sup>97</sup>

271. To provide context, AMC stockholders had reached out to Aron multiple times about issuing an NFT dividend (blockchain) as a way to reveal the number of AMC shares in circulation, including authorized shares and naked shorts/synthetics, and to enhance stockholder value. This approach, popularized by Patrick Byrne, former CEO of Overstock.com (“OSTK”), involved issuing a blockchain dividend that would compel short sellers to buy and deliver shares to stockholders, thereby triggering a surge in OSTK’s stock price during 2019-2020. However, short sellers subsequently filed a lawsuit against Patrick Byrne and OSTK over the issuance of a digital security. In 2020, U.S. District Judge Dale A. Kimball dismissed the federal class action lawsuit with prejudice. Despite this decision, the plaintiff appealed to the 10<sup>th</sup> Circuit Court, and the case is awaiting the Circuit Court's decision. Aron's refusal to consider the idea, citing the illegality of an NFT blockchain dividend, is being challenged based on historical precedent set by the Overstock case. This challenge suggests that Aron may have misled investors without providing any evidence to support his decision to decline the proposal.

272. Following Aron's December 9<sup>th</sup>, 2021 Tweet, hundreds of AMC stockholders expressed outrage through tweets, challenging the credibility of Aron's statement regarding the Security Token Offering (STO). Stockholders commonly conveyed their skepticism and questioned the veracity of Aron's December 9th tweet in their responses.

**“A reconciled share count is NOT illegal and this is what a STO Offering would produce and I believe you know this. So what about a reconciled share count? Can we get one instead?”**

**“illegal is not accurate. It’s not you can’t do it, it’s you choose not to do it. See the difference there !”**

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<sup>97</sup> CEO Adam Aron on X (formerly called twitter). December 9, 2021. X.com  
Link: <https://twitter.com/CEOAdam/status/1468903430873919488>



**“I'm losing faith in you and after your tweet the stock started dropping. Can't us shareholders vote on a NFT dividend since we have to power to vote out directors and a CEO?”**

273. Many AMC stockholders also challenged Aron's December 9<sup>th</sup>, 2021 Tweet, questioning the grounds on which he deemed a STO "illegal" and requesting him to cite relevant laws or recent court rulings. However, Aron has not addressed the “illegality” of a STO at any point.

274. Forty-nine minutes later, even Marc Cohodes got into the mix calling Aron out by tweeting,

“Adam, as I have described this, it is not illegal and when you say "litigation" risk that is just an excuse.. You are the CEO, it is your show and run it as you wish.”<sup>98</sup>

275. Because Project Popcorn was memorialized on or about November 2021, but its genesis was on January 27<sup>th</sup>, 2021, it was already underway during Aron's December 8<sup>th</sup>, 2021 Tweet. If Aron had complied with AMC stockholders' requests for a STO, it would have exposed the Project Popcorn scheme. This exposure would have impacted institutions, such as Citibank and its subsidiaries, Citigroup Global Markets Inc., with substantial short positions or, according to their own assessment, a “significant financial interest”, given the share price’s significance in the unfolding scenario.

276. Starting in December of 2021, Aron personally started hosting movie screenings at AMC theatres. On Sunday, December 19<sup>th</sup>, 2021, at 7:00 pm, at AMC Lincoln Square in Manhattan, Aron hosted another early access screening. Attendees had the opportunity to see "The King's Man" three days before its official opening.

277. On January 12<sup>th</sup>, 2022, at 4:57 pm EST, Aron tweeted out to AMC stockholders, giving them notice that,

“Back in August, I said that at age 67 I’d sell some AMC shares toward year-end, all trading decisions out of my hands, under guidelines of a Chase 10-b-5-1 plan spread over 3 months. Those sales are now all finished. I STILL OWN OR PLAN TO VEST IN 2,302,760 AMC SHARES. I am in!”<sup>99</sup>

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<sup>98</sup> Marc Cohodes on X (formerly called twitter). December 9<sup>th</sup>, 2021. X.com  
Link: <https://twitter.com/AlderLaneEggs/status/1468915697086447618>

<sup>99</sup> CEO Adam Aron on X (formerly called twitter). January 12<sup>th</sup>, 2022. X.com  
Link: <https://twitter.com/CEOAdam/status/1481384780440682499>

278. Aron's November 10<sup>th</sup>, 2021 tweet and now his January 12<sup>th</sup>, 2022 tweet calls into question why he would invoke Rule 10b5-1, unless he was privy to material nonpublic information. It raises doubt about the true motivation behind his stock sales, especially since he claimed it was solely for estate planning, in light of Project Popcorn being memorialized in November 2021.
279. On January 13<sup>th</sup>, 2022, Fox Business News spread patently false information regarding AMC stock through their Twitter account. Fox Business posted a fake headline on Twitter where they falsely stated that AMC Theaters was going private.<sup>100</sup> The misleading headline read:

**"Closing the Curtain: Popular movie theater chain goes private after selling final stocks."**

This misinformation caused a substantial 8.41% drop in AMC's stock price. The tweet has since been deleted.

280. On February 1<sup>st</sup>, 2022, Aron tweeted "pre-announced" eye-opening quarter results to his audience by stating that:

"Today we "pre-announced" AMC's Q4 '21 financial results. Meaningful milestones: Positive EBITDA, more than \$145 million. Positive Operating Cash Generated, more than \$215 million. Record year-end liquidity position, more than \$1.8 billion. #StrongestAMCQuarterInTwoYears"<sup>101</sup>

281. Aron's February 1<sup>st</sup>, 2022 Tweet appears to be part of a deliberate communication strategy aimed at fostering a positive sentiment around AMC's stock by Aron. The social media hype from Aron's followers contributed to a narrative of financial misrepresentation. Despite the reported catastrophic financial state of AMC, marked by the second-largest annual loss in the company's history, the touted EBITDA milestone was only beneficial for executives and their compensation packages, because their bonuses were based on that embezzlement construct. Aron, for instance, received his largest annual cash bonus of \$6 million, raising questions about the alignment of executive rewards with the company's financial reality. The stark contrast between operating performance and executive compensation speaks for itself:

Net losses AMC:                   \$ 1,269,000,000

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<sup>100</sup> **Note:** It was a misleading headline for this article: <https://www.foxbusiness.com/markets/amc-ceo-done-selling-company-stock>

<sup>101</sup> CEO Adam Aron on X (formerly called twitter). February 1<sup>st</sup>, 2022. X.com  
Link: <https://twitter.com/CEOAdam/status/1488620170541154315>



Aron's Cash Bonus:	\$	6,000,000
Aron's Stock award:	\$	11,436,117
Aron's annual pay:	\$	18,909,546

282. On February 9<sup>th</sup>, 2022, Aron tweeted out some good news to AMC stockholders giving them notice that,

“Importantly we just hired a new AMC Vice President. Ellen Copaken has a ton of brand management and grocery experience, at PepsiCo, Frito-Lay & Hostess Brands. Her first assignment for AMC will be to quarterback the rollout in 2022 of our new broad based home popcorn initiatives.”<sup>102</sup>

283. On February 11<sup>th</sup>, 2022, Aron tweeted out to AMC stockholders giving them notice that,

“In January, the officially reported short interest in AMC rose by 13.8%, from 94.8 million short shares on Dec 31 to 107.8 million shares on Jan 31. I still have an interest in 2.3 million AMC shares. So, I hope those short sellers are wrong, wrong, wrong. Only time will tell.”<sup>103</sup>

284. On February 16<sup>th</sup>, 2022, Aron tweeted out to AMC stockholders giving them notice that,

“Well, well, well, would you look at this. “Justice Department is Pursuing Wide-Ranging Investigation of Short-Sellers: Federal prosecutors are investigating whether short-sellers conspired to drive down stock prices....” — Wall Street Journal, February 16, 2022”<sup>104</sup>

285. Following Aron's February 16<sup>th</sup>, 2022 Tweet, hundreds of AMC stockholders tweeted back at Aron:

You mean what we have all been talking about for the last year and a half?

You certainly have enough info to know you should act decisively on your duty to protect your investors.

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<sup>102</sup> CEO Adam Aron on X (formerly called twitter). February 9<sup>th</sup>, 2022. X.com  
Link: <https://twitter.com/CEOAdam/status/1491445977131229191>

<sup>103</sup> CEO Adam Aron on X (formerly called twitter). February 11<sup>th</sup>, 2022. X.com  
Link: <https://twitter.com/CEOAdam/status/1492223394263228416>

<sup>104</sup> CEO Adam Aron on X (formerly called twitter). February 16<sup>th</sup>, 2022. X.com  
Link: <https://twitter.com/CEOAdam/status/1493951234155466754>

It dont matter when 90-95% of our orders go through dark pools. Market Makers should be investigated and dark pools regulated or they shouldn't exist at all

And still nothing done

So how about them fake shares...

@GaryGensler

are you going to resign for not doing your job?

**AMC Board Meeting February 17<sup>th</sup>, 2022**

286. At an AMC Board meeting held on February 17<sup>th</sup>, 2022, the AMC Board received a "Preferred Equity Issuance Update" from Derek Van Zandt and Cristian Gonzalez.

287. Pursuant to the minutes of that meeting, Derek Van Zandt updated the Board as follows: Derek Van Zandt provided background on AMC's preferred equity offering. He explained,

"that Company was short on common shares but had 50M shares of preferred stock which might be used to raise cash. Preferred stock offerings traditionally pay a high dividend, are convertible, and are sold to large institutions. **Company is restricted from paying cash dividends and plans to offer the preferred shares to its retail stockholder base through a rights offering which is common in Europe but less so in the US.** One AMC preferred unit would convert into one share of common stock, subject to shareholder authorization. The preferred unit would be listed and trade on the NYSE and have an observable value. Our retail stockholders can purchase the preferred unit or sell the right which is itself a tradable security. *The rights are dilutive so the shareholders are incented to buy the shares to avoid dilution.*"<sup>105</sup>

288. Derek Van Zandt reviewed the mechanics of the offering indicating that there was some gearing/plumbing in the background including through the use of depositary shares. He reviewed the decision tree each shareholder would process. He explained that short sellers would need to deliver the right to the shareholder from whom they borrowed their shares which would create demand and put pressure on short sellers. Derek Van Zandt discussed various

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<sup>105</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 9 page 618



launch timeframes under consideration by management. Discussion ensued about the risks and opportunities associated with the preferred equity offering.<sup>106</sup>

289. Derek Van Zandt also detailed the exact process by which preferred stock could be used to increase the number of shares of AMC Common Stock authorized for issuances.

290. On February 25<sup>th</sup>, 2022, at 12:38 pm, John Merriwether, drafted an email with the subject titled: APE Ticker Symbol, and emailed Shannon Rochford at the NYSE stating,

“Hey Shannon,

Hope you are well.

Can you remind me again for how long we have the “APE” ticker symbol reserved?

Thanks,

John”<sup>107</sup>

291. On February 25<sup>th</sup>, 2022, at 4:09 p.m., Shannon Rochford notified John Merriwether via email that AMC had reserved the ticker symbol APE until April 28<sup>th</sup>, 2022. Later that evening, John Merriwether emailed Shannon Rochford to inquire about the process for extending the APE reservation.

292. On February 28<sup>th</sup>, 2022, Shannon Rochford emailed John Merriwether giving him notice that there are basically two ways the NYSE can extend the life of the ticker.

- “To extend the reservation we [the NYSE] would need some kind of confidential or public filing that has the ticker in it
- If we let the ticker expire we can attempt to re-reserve it after 2 business days but there is no way we can confirm that another exchange won’t secure it first.”<sup>108</sup>

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<sup>106</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 9 page 618

<sup>107</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 page 845

<sup>108</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 page 844

293. On March 1<sup>st</sup>, 2022, during AMC's Q4 2021 Earnings Call, Aron remarked:

“I keep on getting offers from our shareholders, for example, that they want to chip in and help us pay down our debt. I don’t know exactly that that’s in the cards, but I do admire their passion and dedication to AMC nonetheless.”<sup>109</sup>

294. Once again, Aron’s response to AMC stockholders' offers to help pay down the debt is vague. The truth is, Aron couldn’t be transparent with his stockholders, as once again entertaining any offers would have obstructed AMC Board’s plan and would exposed the Project Popcorn scheme.

**AMC’s Hycroft Pump and Dump Scheme  
and Collusion with Mudrick Capital L.P. in 2022**

295. On March 15<sup>th</sup>, 2022, Hycroft Mining Holding Corporation (“Hycroft”) announced a \$56 million equity private placement with precious metals investor Eric Sprott and AMC. Both Eric Sprott and AMC invested \$27.9 million for 23.4 million shares in cash and an equal number of warrants in Hycroft, which was on the verge of bankruptcy prior to Eric Sprott and AMC’s cash infusion. As a result of the purchase, AMC became the owner of approximately 22% of Hycroft.

296. On March 15<sup>th</sup>, 2022, at 7:16 am EST, Aron tweeted out to AMC stockholders giving them notice that,

“AMC is playing on offense again with a bold diversification move. We just purchased 22% of Hycroft Mining (NASDAQ: HYMC) of northern Nevada. It has 15 million ounces of gold resources! And 600 million ounces of silver resources! Our expertise to help them bolster their liquidity.”<sup>110</sup>

297. Aron's March 15<sup>th</sup>, 2022 Tweet fails to mention that estimates of precious metals resources are based on surveys and not guaranteed. Additionally, Aron does not specify if Hycroft has the resources required for the extraction of all mentioned resources.

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<sup>109</sup> AMC Entertainment Holdings, Inc.'s (AMC) CEO Adam Aron on Q4 2021 Results - Earnings Call Transcript March 1, 2022. *Seeking Alpha*. Posted on March 1, 2022. Link: <https://seekingalpha.com/article/4491987-amc-entertainment-holdings-inc-s-amc-ceo-adam-aron-on-q4-2021-results-earnings-call> . Accessed on May 07, 2023.

<sup>110</sup> CEO Adam Aron on Twitter. Posted on March 15, 2022. Link: <https://twitter.com/CEOAdam/status/1503691713474400257>



298. Addressing the AMC Board's decision to invest in Hycroft, Aron said,

“[t]o state the obvious, one would not normally think that a movie theater company's core competency includes gold or silver mining. In recent years, however, AMC Entertainment has had enormous success and demonstrated expertise in guiding a company with otherwise valuable assets through a time of severe liquidity challenge, the raising of capital, and strengthening of balance sheets, as well as communicating with individual retail investors.”<sup>111</sup>

299. Behind this investment in Hycroft, the truth encapsulates a series of hidden strategic moves undertaken with ulterior motives. Despite these developments, it's crucial to recognize that AMC was not in a financially robust state. While the company possessed a significant reserve of capital (\$1,164,900,000 as of March 31<sup>st</sup>, 2022), they were unable to substantially reduce the company's indebtedness, with corporate borrowings still at \$5,501,800,000 as of March 31<sup>st</sup>, 2022.

300. Instead AMC chose to venture into an unexpected domain: the acquisition of an unprofitable gold mine. It's worth noting that Mudrick Capital had a significant stake in this venture.

301. In 2018, Hycroft was reporting under Mudrick Capital Acquisition Corporation (“MUDS”), which was incorporated in Delaware on August 28<sup>th</sup>, 2017.

302. MUDS was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses (the “Business Combination”). According to SEC files, the first mentioning of Hycroft appeared in the 10-K annual report of MUDS for the fiscal year 2018. David Kirsch has been MUDS Vice President since September 2017 and is one of its directors. Mr. Kirsch was a Managing Director and Senior Analyst at Mudrick Capital, where he was responsible for analyzing distressed credit and equity opportunities across a diverse range of industries.

303. On January 13<sup>th</sup>, 2020, MUDS entered into a purchase agreement with Hycroft. Form S-4, the “Registration Statement”, containing information about the business combination and the Hycroft business, was filed with the SEC on February 14<sup>th</sup>, 2020.

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<sup>111</sup> Szalai, Georg. "AMC Theatres Buying \$27.9M Stake in Gold and Silver Mining Company Hycroft." Hollywood Reporter. March 15, 2022. Link: <https://www.hollywoodreporter.com/business/business-news/amc-theatres-stake-gold-silver-mining-company-1235111552/>

304. Subject to the terms and conditions set forth in the Purchase Agreement, Mudrick intended to consummate a business combination pursuant to which Acquisition Sub will acquire from Seller the issued and outstanding equity interests of Seller's direct subsidiaries and will acquire substantially all of the assets and assume substantially all of the liabilities of such equity interests and the assets and liabilities together, the "Hycroft business".
305. As described in the Purchase Agreement, on October 4, 2019, Seller, as borrower, certain subsidiaries of Seller, as guarantors, Sprott Private Resource Lending II (Collector), LP, as lender, and Sprott Resource Lending Corp., as arranger, executed a multi-tranche Credit Agreement (the "Sprott Credit Agreement"), pursuant to which Seller incurred an indebtedness with an original principal amount not in excess of \$110,000,000 in connection with the consummation of the business combination. In addition, concurrently with the consummation of the business combination, Mudrick and a subsidiary of Hycroft entered into a Royalty Agreement with Sprott Private Resource Lending II (CO) Inc. (the "Sprott Royalty Agreement" and, together with the Sprott Credit Agreement, the "Sprott Agreements"), pursuant to which, among other things, such subsidiary will receive \$30,000,000 and will incur a 1.5% net smelter royalty payment obligation relating to the Hycroft mine, the principal asset of Seller's subsidiaries being acquired in the business combination.
306. The balance sheet – as Mr. Aron self-displayed AMC's new "core competence" to be "experts in balance sheets"- is a quintessential document that lays bare the financial landscape of a company, unfurls the inherent risks for those considering an investment in Hycroft Mining Holding Corporation. Given the immense financial risk entailed in this investment, a reasonable person can only come to the conclusion that AMC's fiduciaries have not conducted a thorough examination of Hycroft's balance sheet. At its core, the Hycroft Mine stands as a singular operational segment, encompassing the entirety of its operations, development endeavors, and exploratory undertakings. It is the crucible from which 100% of all revenues and production costs emanate. The mines only outcome are unrefined gold and silver bars, colloquially known as doré, alongside in-process inventories, characterized by their metal-laden carbons and slags. In the annals of 2020, gold took the pole position, constituting a commanding 94% of the total revenue and noteworthy is the fact that all revenue streams stemmed from transactions with two customers. Macroaxis analysis estimated that the Current Hycroft Mining Probability Of Bankruptcy is over 84% as of January 28, 2024.<sup>112</sup> Macroaxis has frequently listed HYMC as having a very high possibility of bankruptcy over the past few years due to HYMC's financials.

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<sup>112</sup> Hycroft Mining Holding Stock Probability Of Bankruptcy. MacroAxis. Date Accessed January 28, 2024. Link: <https://www.macroaxis.com/invest/ratio/HYMC/Probability-Of-Bankruptcy>



307. Yet, the mining industry, a domain marked by cutthroat competition, pits Hycroft against formidable adversaries armed with formidable mining capabilities and considerable financial and technical resources. The caprices of the market, their fluctuations tethered to a litany of factors beyond Hycrofts sphere of influence, including interest rates, inflation expectations, currency valuations, and governmental interventions, add an element of unpredictability. The imperative to replace depleted reserves, an ongoing imperative, necessitates astute exploration and strategic acquisitions, endeavors that may not always yield the desired outcomes.
308. Moreover, Hycroft confronts the exigencies of a mining lease that exacts a 4% net profit royalty, a sum payable to the proprietor of specified mining claims. This entails an annual advance payment of \$120,000 for every year of active mining on the leased claims, with additional levies for tonnage exceeding prescribed thresholds. As of December 31, 2020, the cumulative payments under this lease approached \$7.6 million. As of December 31, 2021 total tons mined from the leased claims exceeded 5.0 million tons, for which Hycroft remitted the required additional payment of \$120,000 during the fourth quarter of 2021. The total payments due under the mining lease are capped at \$7.6 million, of which the Hycroft has paid or accrued \$3.0 million and included \$0.6 million in Other assets in the Consolidated Balance Sheets as of December 31, 2021.
309. During the first quarter of 2021, Hycroft executed an operating lease agreement for a new large wheel loader with equal monthly payments of \$0.1 million payable over four years, in addition to monthly maintenance payments based upon a fixed rate per service maintenance units. The total remaining minimum lease payments for this lease was approximately \$7.8 million (including maintenance payments of \$3.4 million) as of September 30, 2021.
310. Pursuant to the Sprott Royalty agreement in which Hycroft received cash consideration in the amount of \$30.0 million, Hycroft granted a perpetual royalty equal to 1.5% of the Net Smelter Returns from its Hycroft Mine, payable monthly. As of December 31, 2021 and 2020, the estimated net present value of Hycroft's net smelter royalty was \$154.0 million and \$148.4 million, respectively.
311. Production costs tell facts on their own, with a marked increase from \$11.0 million in 2019 to \$41.7 million in 2020 and \$102.75 million in 2021. This surge, attributed to a spike in gold ounces sold and amplified costs per ounce produced, underscores the exigencies of meeting operational needs. The ramifications are further accentuated by write-downs, a reflection of Hycroft's high operational costs and modest production levels.

312. The contours of indebtedness present a narrative entwined with financial institutions that have historically, and presently, held sway over certain facets of the Hycroft's financial landscape. Five discerning financial entities have borne the weight of Hycroft's indebtedness. Notably, as of December 31, 2021, two among this coterie, namely, Mudrick Capital Management, L.P ("Mudrick"), and Whitebox Advisors, LLC ("Whitebox"), held more than 10% of the common stock of the Hycroft.
313. The chronicles of the years culminating, 2021, 2020 and 2019, unveil a tapestry woven with interest expenses, net of capitalized interest, the figures stood at \$43.5, \$31.3 million and \$57.6 million, respectively. As of the close of 2021, 2020 and 2019, the Related Parties held sway over a combined total of \$143.6 million, \$497.2 million and \$71.2 million in debt.
314. In the annals of Hycroft's governance, the Compensation Committee and Board of Directors have ratified compensation arrangements for non-employee directors, a corpus of which accrues to Mudrick. The year that concluded on December 31, 2020, witnessed a disbursement of \$0.2 million to Mudrick. Moreover, Mudrick vested in 5,047 restricted stock units, poised to transmute into an equivalent number of shares of Hycroft's common stock upon the cessation of the Mudrick representative's tenure on the Hycroft's Board of Directors.
315. Hycroft's evolution of stock price and market capitalization tells the story of the pump and dump scheme behind it and is marked by astonishing fluctuations. Beginning on March 12, 2018, with MUDS at \$9.59, the journey culminated in Hycroft (Ticker "HYMC") on February 14, 2020, at \$10.295. By March 3, 2022, it had plummeted to a mere \$0.295.
316. Astoundingly a seismic shift occurred on March 8<sup>th</sup>, 2022 with the stock inexplicably surging to a closing price of \$1 and an intraday zenith of \$1.39. This price move was without any ostensible catalyst or underlying rationale. Yet the anomaly coincided with one of the largest debt holders Whitebox divesting warrants and stocks, amounting to \$15,180.07 and \$7,228,750.70 respectively, at an average share price of \$0.9247. The inexplicable price surge of +371% raises questions of possible manipulation or undisclosed information.
317. The ensuing days witnessed a seesaw of gains and selloffs. On March 9, 2022 the stock opened at \$0.82 and closed at \$0.63. The following day, the inexplicable surge persisted, with the stock oscillating between \$0.70 and \$1.50, culminating in a closing price of \$1.25, a +114% increase. March 11 saw further intraday gains, reaching \$2.65 (+77%) and closing at \$1.88 (+25%). However, the tide turned on March 14, following the at that day non-public AMC/Sprott transaction, causing a "mysterious" -26% drop to \$1.39 after a major buy into the stock.



318. Yet, this rollercoaster ride of Hycroft stock was far from over. On March 15, 2022 the stock soared intraday to \$2.72 (+96%), concluding at \$1.52 (+9%). The third surge commenced on March 25, 2022, propelling the stock from \$1.28 to \$2.59 on March 29, 2022 marking a total surge of about 142% in just three trading days.
319. During that volatile period, Aron strategically leveraged his substantial social media presence cultivated since early 2021. AMC influencers on Twitter actively participated in what is known as "astroturfing" - a deceptive tactic involving the creation of artificial grassroots support for a product, cause, or agenda, often by parties with vested interests in influencing public opinion. Adam Aron's Twitter profile boasts over 300,000 followers, while he follows over 3,300 individuals publicly. Unless Mr. Aron has an extraordinarily extensive network of family and friends, it is more likely that a significant portion of those he follows are discreet partners engaged in astroturfing activities. This aligns seamlessly with the "social media efforts" AMC undertook in early 2021.
320. A thorough examination of the comments on Aron's March 15, 2022 tweet reveals numerous so-called "memesters" actively participating in astroturfing, all of whom are followed by Aron himself. The profiles highlighted below are just a small selection from that specific day. It's important to note that they collectively reach thousands, disseminating the narrative that the investment in Hycroft by AMC was not only sound but also devoid of risk – a stark contrast to the reality of millions of hard-earned shareholder dollars being potentially misappropriated by the board of directors, in an apparent collusion with Mudrick and Eric Sprott, with the aim of inflating stock prices for insiders to sell at artificially elevated levels.
321. However, in the aftermath of this turmoil, insiders began selling off the stock. In 25 transactions, Mudrick accumulated \$6,464,459.38. It is imperative to recognize that these gains were accrued from cheap vested shares through the purchase of Hycroft of MUDS, occurring in tandem with interest payments and debt transactions between Hycroft Mining and Mudrick. This raises a pressing concern: did Mudrick play an active role in orchestrating the pump-and-dump scheme of Hycroft Stock? By effectively greasing the wheels for AMC's entry and exploiting Aron's extensive retail investor base, it seems they did. This revelation aligns with the pivotal CNBC interview, where Adam Aron tacitly admitted to such strategies. From December 2022 to February 2023, Mudrick executed a calculated divestment of a significant portion of their Hycroft holdings. The tally plummeted from an initial 23,681,359 shares to a mere 13,646,677, underscoring their strategic maneuvers to reap substantial gains at the expense of unwitting investors. Once again, the hero that gets zero. It is the retail investors, affectionately referred to as "memesters," who bear the brunt of financial losses, having entrusted their hard-earned money to CEO Mr. Aron.

322. Behind this investment, a series of hidden strategic moves with ulterior motives unfolded. Despite these developments, it's crucial to acknowledge that AMC was not in a financially robust state. While the company had a substantial reserve of capital, with "available liquidity and Cash and cash equivalents at December 31<sup>st</sup>, 2021, was approximately \$1,801.6 million and \$1,592.5 million, respectively," they struggled to significantly reduce the company's indebtedness.<sup>113</sup>

323. On March 16<sup>th</sup>, 2022, Sakoya Blackwood ("Ms. Blackwood") initiated a campaign of reaching out to Aron. Upon acquiring Aron's private cell phone number, she began sending text messages, pretending to be a woman named "Mia."<sup>114</sup>

324. In the beginning, Aron believed that "Mia" was an adult woman with whom he had a previous romantic relationship, specifically a ballet dancer. Within their first few messages and before "Mia" had shared a picture of herself, Aron asked, "Is my memory right that you were into ballet?" and Ms. Blackwood responded, "Yes!"

325. Based on Aron's understanding of who "Mia" was, which Ms. Blackwood perpetuated, Aron exchanged messages with "Mia" about meeting in person in New York.

326. On March 17<sup>th</sup>, 2022, Ms. Blackwood asked Aron to send her sexually explicit photographs and Aron complied.

327. On March 19<sup>th</sup>, 2022, Aron asked "Mia" to send a picture of herself. In response, Ms. Blackwood sent Aron a picture of a Russian model that she procured from the model's Instagram page. Ms. Blackwood continued to send Aron additional pictures of the model, passing them off as pictures of "Mia".

328. In the following days, Ms. Blackwood persistently fabricated information about "Mia's" whereabouts, her activities (claiming, for example, to be in St. Bart's for a modeling job), and her availability for an in-person meeting. At the same time, "Mia" and Aron continued to exchange sexually explicit messages.

329. By March 2022, AMC and Citigroup Global Markets Inc. looped in D.F. King, as well as Computershare, the Company's transfer agent as part of the plan for a preferred share offering.

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<sup>113</sup> AMC Q4 2021 Earning Results. Link:

[https://d1io3yog0oux5.cloudfront.net/\\_06817300814f4e4cd15dd61f35511c17/amctheatres/db/2294/21504/earnings\\_release/FINAL\\_-\\_4Q\\_2021\\_Earnings\\_Release\\_20220301.pdf](https://d1io3yog0oux5.cloudfront.net/_06817300814f4e4cd15dd61f35511c17/amctheatres/db/2294/21504/earnings_release/FINAL_-_4Q_2021_Earnings_Release_20220301.pdf)

<sup>114</sup> Sakoya Blackwood's Sentencing Memorandum

<https://cdn.sanity.io/files/ifn0l6bs/production/2845afd8bf6f32f3f6834ef3e195c26bf26ce7ef.pdf>



330. On March 25<sup>th</sup>, 2022, at 7:37 pm EST, Aron tweeted out to AMC stockholders giving them notice that,

“I was highly confident that AMC’s skills could quickly “right the ship” at Hycroft (HYMC). We just did! Eric Sprott and AMC invested \$56 million. Now we raised a breathtaking \$139 million more cash equity! \$195 million in total! In only two weeks! Calm seas, smooth sailing ahead.”<sup>115</sup>

331. On March 28<sup>th</sup>, 2022, Aron was on Squawk on the Street, a show on CNBC with anchors David Faber and Jim Cramer. Two minutes and thirty-one seconds into the interview, David Faber asked Aron the following questions:

**David Faber:** “Well, Adam it’s David, you know. Again then back to this idea of core competence and what you just said you’re experts in raising money and it would seem to me – correct me if I’m wrong – that you see real opportunity here as a competence in terms of finding another business perhaps that is in a cash crunch position – and applying what you now have is this following of your shareholders to basically turn their fortunes around whatever they may be. In this case it was Hycroft. The next one might be another one – I mean – is that the new core competence of AMC to sort of use these the “memesters” that you have to help to turnaround the fortunes of a company because they’re willing to put money behind it?”

**Aron:** “Well...uhm. Look, I think I have to say the answer of your question is “YES” ....and we proved it. Because in addition to the money that Eric Sprott put in – who is a gold and silver mining expert, so we have some real credibility in the investment in Hycroft. Because if it wasn’t an impressive mining potential, Sprott wouldn’t be there with us with his own money. And the money we put in...But...like we just raised another \$139 million in nine trading days [March 15 – 25, 2022]. \$195 million going into a company that three weeks ago had a market cap – uhh I guess it’s two weeks ago – had a market cap of \$19 million. This is an enormous amount of capital.”

**David Faber:** “Yeah and it was facing potentially its own cash crunch. But I mean they’re going to need as much as a billion to make this true transition. Isn’t that correct? To sort of get that new mill to process what remains in terms of the

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<sup>115</sup> CEO Adam Aron on Twitter. Posted on March 15, 2022. Link: <https://twitter.com/CEOAdam/status/1507501897963302915>

mine when it comes to sort of the oxide ore running out and then you know being able to process the sulfide ore? Is that correct?

**Aron:** "Well, you know we are going to leave the running of the gold and silver mining company to the experts. We are experts in balance sheets. Eric Sprott is an expert in gold and silver. So is Hycroft mining. But what you described is basically true. Although, there are exploration sites not yet in full production. That are valued at levels that are – you know – infinitely greater than the \$19 million market cap. This company was basically priced at bankruptcy levels because it was facing corporate debt a few weeks after we invested had we not invested. And so, yes, if we want to go into full production we're going to have to put in a- milling operation. If we want to go into greater exploration, it only takes tens of millions of dollars to explore more than the 2% of the 71,000 acres that currently sit at the Hycroft mine in northern Nevada." <sup>116</sup>

332. During David Faber's interview with Aron, a shocking revelation has surfaced, shedding light on the underlying motives of the AMC leadership. The question posed by David Faber, encapsulates the crux of the matter. It is suggested, and not unreasonably so, that AMC's newfound expertise lies not in the traditional realms of cinema exhibition, but rather in the art of financial maneuvering to exploit Aron's new gained stockholder base. Aron's emphatic "YES" in response to David Faber's particular question indicates Aron's belief that AMC has indeed become adept at capital acquisition. This acknowledgment suggests a significant shift away from traditional business practices.

333. Furthermore, the interview insinuates a seemingly new *modus operandi* whereby AMC identifies entities in a state of financial distress, as illustrated by the case of Hycroft. This strategy of utilizing what has been derogatorily termed "memesters" to revive distressed companies raises significant ethical and legal concerns. It echoes with a hint of narcissism - the bold decision by "the Silverback" to invest valuable and irretrievable stockholder resources into a gold and silver mine.

334. Aron attempts to emphasize the credibility of AMC's investment in Hycroft by referencing investor Eric Sprott. He seeks to establish a strong argument: a prominent figure in gold and silver mining like Sprott would unlikely invest unless the potential for significant returns in Hycroft's mining prospects was clear. However, this logic was grounded on quicksand as Eric Sprott sold 5 million shares a few months later for a substantial profit of \$6,375,000.00, with an average share price of \$1.275.

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<sup>116</sup> Source: CNBC Interview David Faber and Jim Cramer with Adam Aron. Interview held on March 28<sup>th</sup>, 2021. Link: [https://www.youtube.com/watch?v=6RC5a4t47\\_c](https://www.youtube.com/watch?v=6RC5a4t47_c)



335. The sheer magnitude of capital infusion into Hycroft paints a vivid portrait of the “memesters” financial prowess. Over a span of just nine trading days, from March 15<sup>th</sup> to 25<sup>th</sup>, 2022, an astonishing \$195 million (\$135 million excluding investments from AMC and Eric Sprott) was poured into a mining company that, only weeks earlier, had a market capitalization of a mere \$19 million. This staggering transformation warrants a narrative of capital allocation that carries the hallmarks of astute financial orchestration.

336. As the interview progresses, the focus shifts towards Hycroft's urgent financial challenges. The scale of the proposed transition, requiring over \$1 billion, highlights the monumental task ahead. Moving from processing oxide ore to the more complex sulfide ore processing is a significant endeavor. Aron acknowledges that AMC's strength lies not in the detailed technical aspects of mining operations but in financial management. This acknowledgment, however, opens a Pandora's box of questions

337. The exchange between David Faber and Aron transcends mere conversation. The implications of this investment during AMC's peak financial distress, both ethically and legally, mark a departure into uncharted and potentially perilous territory. Aron asserts, “We are experts in balance sheets.” Yet, in juxtaposition, he delegates the operational intricacies of gold and silver mining to those “experts” in the field. Here, lies the paradox. Under the purview of AMC's conventional operations, he should have said, that “we are experts in the movie and theater business” and yet he relies in specific on the reference to balance sheets. While AMCs balance sheet appear dismal, “real” experts in balance sheets would have acknowledge the stark reality: Hycroft emerged from the shadows of bankruptcy, bearing the weight of profound unprofitability. Aron's revelations continue, shedding light on the valuation of exploration sites yet to achieve full production. He contends that these holdings possess a valuation far exceeding the modest \$19 million market cap. This assertion, alongside the disclosure of Hycroft teetering on the brink of bankruptcy, underscores the implications of an investment made in the eleventh hour, without which the corporation would have faced an insurmountable wave of debt.

338. On April 4<sup>th</sup>, 2022, “Mia” messaged Aron, “Send me a naughty picture.” Aron responded by sending “Mia” several explicit photographs of himself and another woman. After Aron sent some photographs, “Mia” pressed him, “Send me more,” and Aron complied, sending more sexually explicit photographs.

339. On April 5<sup>th</sup>, 2022 at 12:22 pm, John Merriwether reached out once again to Shannon Rochford via email and inquired about the following:

“Shannon,

We have been working on a project that would utilize the APE ticker symbol. Our attorney's (Michael Stein from Weil, Gotshal & Manges LLP copied) have a call tomorrow with the NYSE to discuss the project. Based on those discussions and the impending project, we would like to continue to reserve the APE ticker symbol. In addition, we would also like to inquire if APER is available as a ticker symbol. This symbol would be used for a very short 30 day trading window ahead of the usage of APE. My basic search did not indicate it was in use. Obviously, all this is confidential. Thanks for your assistance. Be safe and well

John”<sup>117</sup>

340. As of today, AMC stockholders still remain uninformed about the rationale behind the availability inquiry with respect to the ticker symbol APER and the necessity for a short 30-day trading window preceding the utilization of APE.

341. Later that afternoon, Shannon Rochford replied to John Merriwether's email stating,

“John,  
Absolutely confidential! I know when we last talked I had mentioned that the APE symbol would be expiring later this month. Is the plan to utilize it before the expiry or as discussed, use it in a filing ahead of the project? I'm not sure who from the NYSE you are speaking to tomorrow but I would bring up the fact that the symbol is only reserved until 4/28. I have a few questions. What is the timing of the project? Is the R a suffix (i.e. variation off the root APE) or will it be a totally different symbol/security?

Best,  
Shannon”<sup>118</sup>

342. According to the above email exchange, on April 6<sup>th</sup>, 2022, Michael Stein was scheduled to have a call with the NYSE regarding the “project”; to issue a preferred share and reserving the APE symbol.

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<sup>117</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 page 844

<sup>118</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 page 843



343. On April 8<sup>th</sup>, 2022, “Mia” pressed Aron once again, “Send me more,” and Aron complied, sending some more sexually explicit photographs.

344. On April 11<sup>th</sup>, 2022, Ms. Blackwood began sending text messages to Aron, using another Voice Over Internet Protocol (VoIP) number, purporting to be someone named “Brian,” an ex-boyfriend of “Mia”. “Brian” told Aron, in substance, that he had “Mia’s” phone and saw some “incendiary shit” on it. “Brian” said that he was “probably selling the information,” that “CEO scandal is apparently lucrative,” and that he was going to see “what the national enquirer is offering.”<sup>119</sup>

345. On April 14<sup>th</sup>, 2022, at 9:17 p.m., “Brian” messaged Aron, “She [i.e., “Mia”] wasn’t even 18 yet so you know what that means.” Then, at 11:22 p.m., “Brian” added: “What should concern u is 5yrs ago she wasn’t 18 yet.” Less than 40 minutes later, on April 15<sup>th</sup>, 2022, at 12:01 a.m., Aron told “Brian”: “I confused her [“Mia”] with someone else. She and I have never met before.”<sup>120</sup>

346. On April 16<sup>th</sup>, 2022, “Brian” gave Aron notice that: “Offers are coming in like crazy ppl love a scandal. “Brian” then threatened Aron that he would “text/email all the members of your company board the vids/images.” “Brian” messaged Aron the names and non-public cellphone numbers of six members of the AMC Board of directors, as well as the cellphone number of one of Aron’s sons.”<sup>121</sup>

347. On April 17<sup>th</sup>, 2022, Aron sought the assistance of an attorney, hoping that would cause Ms. Blackwood to stand down. Aron sent “Brian” a copy of a letter from his attorney, warning “Brian” of the criminal nature of his actions and demanding that he stop.”<sup>122</sup>

348. Unfortunately, Ms. Blackwood was not deterred. Aron also told “Mia” about the letter. “Mia” told “Victim -1” that the letter to “Brian” would do more harm than good. “Mia” said “he could do more damage than you could while getting paid for doing it.”<sup>123</sup>

349. On April 19<sup>th</sup>, 2022, Ms. Blackwood began sending text messages to Aron, using another VoIP number, purporting to be someone who worked at a media agency (the “Media Contact”).

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<sup>119</sup> Sakoya Blackwood’s Sentencing Memorandum

<https://cdn.sanity.io/files/ifn0l6bs/production/2845afd8bf6f32f3f6834ef3e195c26bf26ce7ef.pdf>

<sup>120</sup> Sakoya Blackwood’s Sentencing Memorandum

<sup>121</sup> Sakoya Blackwood’s Sentencing Memorandum

<sup>122</sup> Sakoya Blackwood on X (formerly called twitter). May 1<sup>st</sup>, 2022. X.com  
Link: <https://twitter.com/TwoTruth1/status/1520628983947218944>

<sup>123</sup> Sakoya Blackwood’s Sentencing Memorandum

350. The Media Contact told Aron that “[w]e received a tip regarding you” that “promised to be damning.” The Media Contact added: “This is extremely unorthodox, I am reaching out because I am a shareholder. And I’m worried the information will cause adverse reaction.”<sup>124</sup>

351. On April 20<sup>th</sup>, 2022, the Media Contact told Aron that the Media Contact brought the information to their boss and that they made a deal with the seller of the information for \$250,000.

352. On April 22<sup>nd</sup>, 2022, “Mia” told Aron: “he’s [Brian’s] going for the money my guess is sometime next week maybe speak with your family so they’re not blindsided.” That same day, “Brian” told Aron “you can’t tell me what to do” and the “smart move was u should’ve been trying to make a deal.” “Brian” also claimed that there was a “bidding war” for the information that reached \$315,000 at one point.<sup>125</sup>

353. On April 22<sup>nd</sup>, 2022, John Merriwether emailed Shannon Rochford while cc’ing Michael Stein, stating,

“Hey Shannon,

Just catching up on the APE ticker symbol. The attorneys have had extensive discussion with the exchange about the project, it would not be launched before the ticker symbol reservation expiration date of 4/28 but I would expect that it would be used in 2Q or 3Q. We have a prospectus documents drafted that the attorneys have been reviewing with the exchange. What do I need to do to ensure we do not lose the ticker on 4/28? Is there a reservation fee or something we can do?

Thanks,  
John”<sup>126</sup>

354. On April 22<sup>nd</sup>, 2022, “the Apes Movement Community Token, aiming to be an important player in the crypto space, announced that it is starting its adventure with a unique fair launch event held **on April 30, 2022**<sup>127</sup>; the invitation is for all the interested Apes/Investors to this extraordinary event. The Apes Movement Community Token fair launch aims to craft a wider

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<sup>124</sup> Sakoya Blackwood’s Sentencing Memorandum

<sup>125</sup> Sakoya Blackwood’s Sentencing Memorandum

<sup>126</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 Page 843

<sup>127</sup> <https://www.globenewswire.com/news-release/2022/04/22/2427052/0/en/The-Apes-Movement-Community-Token-announces-its-Official-Launch-on-Pink-Sale-Finance-Platform.html>



distribution and an effective price discovery. The project will not set a dollar price for the tokens; supply and demand in the fair launch event will. No Pre-Sale, Initial Coin Offering, Seed Round, or Whitelist before fair launch is completed; everyone has the same opportunity to acquire **The AMC Token (TAMC)** from day one. The AMC Token acronym for The Apes Movement Community Token should not be associated with **AMC Entertainment Holdings, Inc.**, the publicly-traded company, as they are not linked together. The Apes Movement Community Token is not part of the company, and in any way, shape, or form is alluding to that.”<sup>128</sup>

355. On or about April 24<sup>th</sup>, 2022, Aron, through his attorney, had contacted the FBI and, at law enforcement’s recommendation, Aron did not “make a deal” with Brian as Ms. Blackwood had insisted.

356. On April 25<sup>th</sup>, 2022, Shannon Rochford emailed John Merriwether and cc’d Michele G Lee while leaving Michael Stein in the thread, stating

“John,

My colleagues have been providing me with updates on the discussion that you’ve had about the project. I’ve also informed them of the symbol situation. Unfortunately, there is no reservation fee or anything that we can do to continue the reservation of the ticker after the expiry on 4/28. As I mentioned, there are only two ways to extend the life of the ticker:

1. If we want to extend the reservation without letting it expire, we would need some kind of confidential or public filing that has the ticker in it.
2. If we let the ticker expire on 4/28 we can attempt to re-reserve it after two business days but there is no way we can confirm that another exchange won’t secure it first.

I will ensure that my colleague that manages the symbol reservation process keeps close eye on the ticker for the ability to re-reserve it.

Best  
Shannon”<sup>129</sup>

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<sup>128</sup> <https://www.globenewswire.com/news-release/2022/04/22/2427052/0/en/The-Apes-Movement-Community-Token-announces-its-Official-Launch-on-Pink-Sale-Finance-Platform.html>

<sup>129</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 pages 842-843

357. Later that morning, John Merriwether emailed Shannon Rochford with an attached pdf draft prospectus document named:

**AMC-Rights Offering Prospectus Supplement\_WEIL\_98448255\_31.pdf**

358. Later that night, Sean Goodman emailed John Merriwether giving him notice stating in part, "Let's stay close on this. If necessary we can have a call with her. We can't afford to let the symbol expire."<sup>130</sup>

359. Between April 27<sup>th</sup> and April 29<sup>th</sup>, 2022, "Brian" told Aron that "Mia" raised \$300,000 to keep the information about Aron quiet. According to "Brian, " "Mia" raised the money by selling her eggs." "Brian" did not feel comfortable taking "Mia's" money so he gave Aron a choice: reimburse "Mia" for the \$300,000, or "Brian" will give "Mia" her money back and go forward with his original plan of releasing the information.

360. On April 29<sup>th</sup>, 2022, Ms. Blackwood began using a Twitter account, @TwoTruth1, to tweet at Aron. She tweeted about a scandal brewing around Aron and rhetorically asked what would happen to the share price and shareholders of AMC when the compromising information is released. Later that afternoon, she tweeted,

**"@CEOAdam  
have u spoken to M today?"<sup>131</sup>**

361. On April 30<sup>th</sup>, 2022, at 9:08 pm EST, Aron finally tweeted out the following message to address AMC stockholders concerns giving them notice,

"The AMC Token" (after our vigorous protest: "The Apes Movement Community Token") is a total sham. AMC Entertainment has nothing to do with this blatant violation of our registered trademark, and attempted theft of our name/reputation. We are fighting them hard. Don't be fooled!"<sup>132</sup>

362. Following Aron's April 30<sup>th</sup>, 2022 Tweet, hundreds of AMC stockholders tweeted back at Aron expressing their frustration:

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<sup>130</sup> Link: [https://www.docketalarm.com/cases/Delaware\\_State\\_Court\\_of\\_Chancery/2023-0215/IN\\_RE\\_AMC\\_ENTERTAINMENT\\_HOLDINGS\\_INC\\_STOCKHOLDER\\_LITIGATION/91802642/](https://www.docketalarm.com/cases/Delaware_State_Court_of_Chancery/2023-0215/IN_RE_AMC_ENTERTAINMENT_HOLDINGS_INC_STOCKHOLDER_LITIGATION/91802642/) Exhibit 24 page 842

<sup>131</sup> Sakoya Blackwood on X (formerly called twitter). April 29<sup>th</sup>, 2022. X.com  
Link: <https://twitter.com/TwoTruth1/status/1520110285243265025>

<sup>132</sup> CEO Adam Aron on X (formerly called twitter). April 30<sup>th</sup>, 2022. X.com  
Link: <https://twitter.com/CEOAdam/status/1520570903482015745>